

琉球大学学術リポジトリ

米国管理下の南西諸島状況雑件 沖縄関係 日本政府
援助プライス法（改正案を含む）(1)

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プライス法可決

琉球列島における経済
的社会的発展、促進に
関する法律

1960
7
12
決議

Public Law 86 - 629
86th Congress, H. R. 1157
July 12, 1960

AN ACT

To provide for promotion of economic and social development in the Ryukyu Islands.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the exercise by the President of the authority over the Ryukyu Islands granted the United States by article 3 of the Treaty of Peace with Japan, every effort shall be made to improve the welfare and well-being of the inhabitants of the Ryukyu Islands and to promote their economic and cultural advancement, during such time as the United States continues to retain authority over the Ryukyu Islands.

Sec. 2. All fines, fees, forfeitures, taxes, assessments, and any other revenues received by the Government of the Ryukyu Islands shall be covered into the treasury of the Ryukyu Islands and shall be available for expenditure by the Government of the Ryukyu Islands.

Sec. 3. Revenues derived by the United States civil administration of the Ryukyu Islands from the following sources shall be deposited in separate funds, which are hereby authorized to be established by the High Commissioner of the Ryukyu Islands, and shall be available for obligation and expenditure in accordance with annual budget programs approved by the President:

(a) Public-benefit trusts, business-type operations, funds, and enterprises established by the civil administration of the Ryukyu Islands, or its Predecessor agencies;

(b) Corporations wholly or partly owned by the civil administration of the Ryukyu Islands; and

(c) Fines, fees, and forfeitures received by the civil administration of the Ryukyu Islands.

Sec. 4.

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Sec. 4. There is hereby authorized to be appropriated not to exceed \$6,000,000 in any fiscal year for obligation and expenditure in accordance with programs approved by the President, for: (a) promoting the economic development of the Ryukyu Islands and improving the welfare of the inhabitants thereof; (b) reimbursing the Government of the Ryukyu Islands for services performed for the benefits of and by reason of the presence of the Armed Forces of the United States within the Ryukyu Islands, including but not limited to reimbursement for such services in the fields or public health and safety, in annual amounts which may be paid in advance to the Government of the Ryukyu Islands; and (c) emergency purposes related to typhoons or other disasters in the Ryukyu Islands. Preference shall be given to programs in which the Government of the Ryukyu Islands participates by sharing part of the costs or contributing other resources.

Sec. 5. The term "Ryukyu Islands," as used in this Act, means Mansel Shoto south of twenty-nine degrees north latitude, excluding the islands in the Amami Oshima group with respect to which all rights and interests of the United States under article 3 of the Treaty of Peace with Japan have been relinquished to Japan.

Sec. 6. Nothing in this Act shall be construed to extend the application of any law of the United States to the Ryukyu Islands which would not otherwise be applicable there.

Sec. 7. All financial transactions of the United States civil Administration of the Ryukyu Islands, including such transactions of all agencies or instrumentalities established or utilized by such administration, shall be audited by the General Accounting Office in accordance with the provisions of the Budget and Accounting Act, 1921, as amended, and the Accounting and Auditing Act of 1950, as amended. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by such administration, agencies, or instrumentalities, and necessary to facilitate the audit.

This section does not apply to the Government of the Ryukyu Islands.

APPROVED July 12, 1960.

公法 84-429号

第84国会下院議案第1157号

1960年7月12日議決

琉球列島における経済的社会的
発展の促進に関する法律

アメリカ合衆国国会上院および下院は次の
とおり定める。

大統領が、対日講和条約第3条によつて米国
に与えられた琉球列島に関する権限を行使する
に當つては、米国が琉球列島に関する権限を留
保する期間中、琉球列島住民の福祉安寧を増進
し、その経済的文化的発展を促進するためあら
ゆる努力をしなければならない。

第三節 琉球政府が受領するすべての罰金、
手数料、没収、税金、賦課金その他の才入は、
琉球列島の国庫に納込み、琉球政府の支出に充

てる。

第三節 次に掲げる源泉から生じた琉球列島
米国民政府の才入は、ここに琉球列島高等弁務
官に設置の権限を与える特別資金として預託し、
大統領が承認する年次予算計画に基き支出負担
行為および支出されるものとする。

- (a) 琉球列島民政府又はその前身機関が設
置した公益信託事業、企業的事業、基金
および企業
- (b) 全面的又は部分的に琉球列島民政府が
所有する公社
- (c) 琉球列島民政府が受領した罰金、手数
料および没収品

第四節 次の目的のために、大統領が認める
計画に基く負担行為および支出のために各年度

6,000,000ドルを超えない資金を制当と
とき限る。すなわち、(4)琉球列島の経済的発
展を促進し、その住民の福祉を増進すると、
(5)琉球列島に駐留する米軍軍隊のためおよび
その駐留の故に行なわれた役務に対し琉球政府
に補償すること（公衆衛生および保安面におけ
る役務の補償を含む。この場合年額にして琉球
政府に前渡することができる。そして(6)琉球列
島における台風その他災害等の緊急な目的とす
る。琉球政府が費用の一部を負担し又はその他
の資源を供出することによつて参加している計
画を優先せしめるものとする。

第五節 この法律で「琉球列島」とは、対馬
平和条約第三条による米国のすべての権利およ
び利益を日本に帰した奄美諸島を除く、北緯二

十九度以南の南西諸島をいう。

第六節 この法律のいかなる規定も、別に適
用せしめない限り、いかなる米国の法律の適用
も琉球列島に拡大するものと解してはならない。

第七節 琉球列島米国民政府のすべての財政
上の業務、（同政府が設置し、利用している代
行機関又は出先機関の業務を含む。）は、197
2/年の予算会計法および1970年の会計監
査法の規定に基づき会計検査院の監査を受けるも
のとする。

会計検査院の代表は、前記政府代行機関又は出
先機関に属する又は使用するもので、監査に必
要なすべての帳簿、簿定、記録、票およびその
他すべての書類、物品又は財産に接することとを
許される。本節の規定は、琉球政府には、適用しない。

1960年7月12日承認

PROVIDING FOR PROMOTION OF ECONOMIC AND SOCIAL DEVELOPMENT IN THE RYUKYU ISLANDS

APRIL 14, 1960.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PRICE, from the Committee on Armed Services, submitted the following report:

REPORT

[To accompany H.R. 1157]

The Committee on Armed Services, to whom was referred the bill (H.R. 1157) to provide for promotion of economic and social development in the Ryukyu Islands, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

On page 3, line 2, strike the word "appropriated" and insert the words "set aside".

On page 3, line 3, strike the word "appropriations" and insert the word "credits".

On page 3, line 4, strike the words "credited to" and insert the words "kept in".

On page 3, line 6, following the comma after "expenditure" insert the following: "within such limitations as may be provided hereafter in appropriations acts".

On page 3, line 20, strike "of" and insert "or".

Page 4, following line 12, insert a new section 8 as follows:

Sec. 8. All financial transactions of the United States civil administration of the Ryukyu Islands, including such transactions of all agencies or instrumentalities established or utilized by such administration, shall be audited by the General Accounting Office in accordance with the provisions of the Budget and Accounting Act, 1921, as amended, and the Accounting and Auditing Act of 1950, as amended. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things or property belonging to or in use by

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such administration, agencies or instrumentalities, and necessary to facilitate the audit. This section does not apply to the Government of the Ryukyu Islands.

PURPOSE OF THE LEGISLATION

The purpose of this proposed legislation is to establish a basis in law for U.S. programs for the promotion of economic and social development in the Ryukyu Islands.

Interest of United States

The interest of the United States in the Ryukyu Islands is indicated by strategic military considerations of the highest importance. Consequently, the task of administering the islands has been assigned by the President to the Department of Defense, an assignment necessitated by the inextricable linking of civil and military functions there. In the tightly constricted area of the Ryukyus, virtually all activities and policies of the local government directly affect military planning and operations. The proposed legislation would formalize existing arrangements for performing the responsibilities of the United States under the peace treaty with Japan and would provide means for maintaining and increasing the effectiveness of the performance of the basic military mission.

EXPLANATION OF AMENDMENTS

The first three amendments above referred to are designed to render clear that H.R. 1157 is an authorization bill and to remove any intimation that the bill is designed to function as an appropriations measure.

The fourth amendment is similarly designed to indicate that the bill is an authorization bill. The wording added insures the active participation of the Appropriations Committees and of the Congress in setting such limitations as may appear desirable each year.

The fifth amendment is designed merely to correct a typographical error.

The sixth amendment was inserted at the request of the Comptroller General and is designed to insure that all financial transactions of the U.S. civil administration of the Ryukyu Islands will be audited by the General Accounting Office in accordance with the Budget and Accounting and Accounting and Auditing Acts.

SECTIONAL ANALYSIS

Section 1 provides that, in the exercise by the President of the United States authority over the Ryukyu Islands, every effort shall be made to improve the welfare of the inhabitants thereof and to promote their economic and cultural advancement.

Section 2 provides that revenues received by the government of the Ryukyu Islands shall be covered into the treasury of the Ryukyu Islands.

Section 3 provides that revenues derived by the U.S. civil administration of the Ryukyu Islands shall be deposited in separate accounts to be established by the High Commissioner of the Ryukyu Islands, and shall be available for expenditure in accordance with annual budget programs approved by the President.

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Section 4 provides that, beginning with fiscal year 1960, and annually thereafter, an amount equal to the U.S. Federal income taxes withheld at the source during the fiscal year from persons stationed or employed in the Ryukyu Islands, and not to exceed \$6 million in any fiscal year, is hereby set aside to the High Commissioner of the Ryukyu Islands.

It further provides that such appropriations are to be credited to a separate account to be established by the High Commissioner of the Ryukyu Islands, and shall be available for obligation and expenditure, in accordance with programs approved by the President, to promote Ryukyu economic development, to improve the welfare of Ryukyans, to reimburse the government of the Ryukyu Islands for services performed for the benefit of the Armed Forces of the United States, and for disaster relief. It also provides that preference shall be given to programs to which the government of Ryukyu Islands contributes funds or other resources.

Finally, it provides that any unobligated balance in the account in excess of \$6 million at the end of any fiscal year shall be transferred to the U.S. Treasury as miscellaneous receipts. The availability for obligation and expenditure in each instance will be within such limitations as may be provided hereafter in appropriations acts.

Section 5 authorizes appropriations of funds necessary to carry out the provisions and purposes of this act.

Section 6 defines the term "Ryukyu Islands."

Section 7 provides that nothing in this act shall be construed to extend the application of any law of the United States to the Ryukyu Islands which would not otherwise be applicable there.

Section 8 is designed to insure that all financial transactions of the U.S. civil administration of the Ryukyu Islands will be audited by the General Accounting Office in accordance with the Budget and Accounting and Accounting and Auditing Acts.

DETAILS OF WHAT BILL WILL DO

In order to facilitate a study of this bill, there has been set out above a sectional analysis of the bill. At this point in the report and for the same purpose, the committee wishes to describe in detail what the bill will do.

Prior to doing that, however, it should be pointed out that for a true understanding of the bill and of the purposes behind it, a study and understanding of the material following this section in the report is necessary. To put this thought in other words, a comprehension of what the bill will do from a technical standpoint is only half of the story; the other half is the relationship existing between the Ryukyus and the United States—a relationship which is virtually unique in the history of the United States.

Section 1

The purpose of section 1 is adequately covered in the sectional analysis above.

Section 2

There are, in a sense, two governments in the Ryukyu Islands. One is the local government of the Ryukyans themselves. This is called the government of the Ryukyu Islands. The other government could

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be considered an extension of our own Government to the Ryukyu Islands. This is called USCAR, or U.S. Civil Administration of the Ryukyus.

Both of these governments, their origin, function, limitations, and responsibilities, are set out in detail later on in this report both in narrative fashion and in Executive Order No. 10713.

Section 2 deals only with the revenues of the first of the above-mentioned governments, i.e., the GRI or government of the Ryukyu Islands, which are derived from taxes, assessments, fines, fees, and forfeitures, and some other sources. In 1960, it is estimated that this revenue will total approximately \$22,400,000. These funds are now retained in the Ryukyus and are used for normal governmental purposes such as education, public health and welfare, public safety, public works, and services, economic development, and general government. Section 2 of the bill would not change this situation. This section of the bill would, however, give specific legal authority for the retention of these funds in the Ryukyus. Today the retention of these funds is under the possibly adequate but somewhat vague authority of the peace treaty with Japan. The committee feels that providing clear legislative authority for the current practice of retaining these funds is consistent with the responsibilities of Congress.

Section 3

In section 3, the bill is dealing with what the committee has described as an extension of our own Government, that is, USCAR, U.S. Civil Administration of the Ryukyus, which is headed by a High Commissioner appointed by the Secretary of Defense (see Executive Order No. 10713 later in report). USCAR similarly has sources of revenue which are listed in section 3 under subheadings (a), (b), and (c).

In view of the rather complex origin and nature of these USCAR revenues, the committee wishes to deal with them in somewhat more detail. Possession and control of certain of the assets purchased by, or generated by Government and Relief in Occupied Areas (GARIOA) and subsequent appropriations for the Ryukyuan people have been retained by USCAR for either security or technical and economic reasons. These assets include cash, electric power generating and transmission facilities, bulk petroleum distribution facilities, warehouses and a refrigerating plant, domestic housing and water distribution facilities. Some of these were constructed to provide facilities for the direct use of the Ryukyuan people, as the warehouses, refrigeration plant, and water facilities. Others were designed for a dual purpose, as, for example, to provide electrical power for Ryukyuan consumption and a source of Ryukyuan revenue through the sale of power to the U.S. forces. For administrative purposes, these assets have in most cases been capitalized to form USCAR wholly controlled corporations and agencies such as the Ryukyu Electric Power Corp., the Ryukyu Development Loan Corp., the Ryukyu Domestic Water Corp. It is estimated that by June 30, 1960, the net worth value of such assets will be approximately \$45.8 million, with a future earning capacity of approximately \$2.7 million annually. These earnings are generally either reinvested or used otherwise in accordance with U.S. approved programs to meet the growing requirements of the expanding economy. They may not be used to augment or substitute

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for U.S. military appropriations or other U.S. Government agencies' fund requirements.

Conceptually, the assets herein described constitute a trust estate whose principal beneficiary and whose sole remainderman is the Ryukyuan people. This concept, which is the logical result of the interrelationship between the congressional intent of the GARIOA appropriation for the Ryukyus and sound management practice of USCAR, has been recognized and validated by a decision of the Comptroller General.

The funds referred to in section 3 are, like those in section 2, retained in the Ryukyus today (with the exception of the relatively small amount dealt with in (c) which is deposited in the U.S. Treasury).

Again, the bill would give precise legal authority to a situation which exists today and, moreover, would establish statutory controls over the use of these revenues.

The revenues covered by section 3a and 3b of the bill, estimated in 1960 to be some \$2.7 million, are, as stated above, today retained in the Ryukyus and under the bill would continue to be retained. They are, and would be, used for reinvestment in the activities from which derived or for programs such as typhoon relief and aid to the GRI and its municipalities.

Section 4

Section 4 represents a departure from existing practice. As is indicated in the bill, this section would permit the retention in the Ryukyus of an amount equal to the U.S. Federal income taxes withheld at the source during the fiscal year, and not to exceed \$6 million in any fiscal year, to be set aside for use by the High Commissioner of the Ryukyu Islands. Again, as indicated in the bill, these funds would be available, in accordance with programs approved by the President, within such limitations as may be provided hereafter in appropriations acts, to promote Ryukyu economic development, to improve the welfare of Ryukyans, to reimburse the GRI for services to our Armed Forces, and for disaster relief.

Sections 5, 6, 7, and 8

These sections are adequately dealt with in the sectional analysis above.

COMMITTEE VIEWS

The committee concurs wholeheartedly in all of the following quoted statements which appear in the record of the hearings of the committee:

The Price bill is now a symbol of economic salvation for the people of the Ryukyus.

* * * the greatest thing that the Congress of the United States can do for the people of the Ryukyu Islands at this time is to pass H.R. 1157.

* * * the passage of this bill * * * will in a very concrete manner demonstrate to the inhabitants of these islands the good intentions and the good faith of the Government of the United States.

There is no doubt that Okinawa is very important to the United States from a military standpoint. I, therefore, respectfully contend that if the United States is to remain in the Ryukyu Islands for a considerable length of time, we should indicate such intention by demonstrations of brotherly assistance. * * * we should demonstrate with activities such as will make the inhabitants want to have our troops remain on the islands.

Be it resolved by the House of Representatives of the First Legislature of the State of Hawaii, Regular Session of 1960, the Senate concurring, That the Congress of the United States be and is hereby urged to pass the Price bill (H.R. 1157, 86th Congress).

Because of their location, the Ryukyus provide an essential link in our worldwide defense system. In this regard, their value to the United States and the entire free world is immeasurable.

A third and very important reason for asking the Congress for this legislation is to give some sense of belonging to the Ryukyuan man on the street. It is our belief that legislation of the nature proposed would give the Ryukyuan a sense of belonging which he does not now have, a feeling that the United States is interested in his welfare and well-being and that the people of the United States are willing to pledge continuation of that interest as long as the present arrangement of control exists.

We firmly believe that the provisions of this bill will result in manifold returns to the United States, in terms of protecting our base investment in the Ryukyu Islands and of demonstrating to the world and especially to the peoples of Asia, our sense of responsibility for this area which has been characterized as our far distant but genuine "ward."

BACKGROUND OF THE BILL

The committee feels that for an understanding of the bill, it is necessary to have an understanding of the relationship between the United States and the Ryukyu Islands.

Geography

The Ryukyu Islands consist of three major island groups comprising approximately 63 islands extending in a curved chain for about 374 miles. They lie between 29° and 24° north latitude and are bounded by the Pacific Ocean on the east and the China Sea on the west.

The islands total in area approximately 542,632 acres, or approximately 848 square miles.

Okinawa

Okinawa is by far the largest of these islands, with an area of 290,555 acres, or 454 square miles.

Population

The total population of the Ryukyu Islands is 855,300 people; 723,600 of these people live on the island of Okinawa.

Relative location

The Ryukyu Islands lie southeast of Japan, northeast of Formosa and the Philippines, and west of the Bonins. Okinawa, the main island, is almost 6,000 miles from San Francisco, 970 miles from Tokyo, and about 920 miles from Manila. The map which appears later in this report indicates further its position relative to other areas in the Far East.

Basis of authority: 1945-52

Since 1945 the United States has exercised full powers over the Ryukyu Islands, of which Okinawa is the largest. Prior to the war these islands were an integral part of Japan, but following Japan's surrender they were treated as a separate and distinct territory for the purpose of occupation. Unlike Japan, where occupation was carried out nominally under Allied authority, the occupation of the Ryukyus proceeded solely under American control. The measure of U.S. control was determined by international customary and conventional law as well as unilaterally by the United States. While control was restored to local institutions as they manifested a capacity to exercise it, the United States retained all powers, subject only to limitations imposed by international law.

As the sole occupier, the United States was charged with the responsibility for providing government in occupied territories, including all measures necessary to preserve public order and safety. The measure of its responsibility as an occupier is expressed in the Hague Convention of October 18, 1907 (36 Stat. 2259); the United States is a signatory and as a treaty duly ratified by the Senate, is part of the law of the land.

Basis of authority: 1952 to present

The treaty of peace with Japan, ratified by the Senate April 28, 1952, provided for the administrative separation of the Ryukyus from Japan and the continued exercise of all powers by the United States. Under the terms of article 3 of the treaty, Japan agreed that it would concur in any proposal of the United States to the U.N. to place these islands, as well as certain others, under its trusteeship with the United States as sole administering authority and that pending such disposition—

* * * the United States will have the right to exercise all and any powers of administration, legislation and jurisdiction over the territory and inhabitants of these Islands. * * *

While Japan did not renounce all right, title, or claim to the islands, it did confer upon the United States important attributes of sovereignty which the United States continues to exercise today. In describing the status of these islands, Federal courts have spoken of the exercise by the United States of "de facto" sovereignty.

Residual sovereignty

As noted above, the whole basis for the relationship between the United States and Japan with respect to Okinawa and the other Ryukyus is based on article III of the treaty of peace between the United States and Japan. The pertinent portion of article III is set out immediately above.

It is pointed out that, conversely, article II of the treaty stated that Japan "renounces all right, title, and claim" to Korea, Formosa, the Kurile Islands, and other specifically enumerated areas. The difference between the two articles of the treaty is that on the one hand (Korea, Formosa, etc.) there is a total relinquishment of Japan's rights in these areas, while on the other hand (the Ryukyus) something still remains in Japan. What remains in Japan Mr. Dulles designated on September 5, 1951, as "residual sovereignty." This term is not a precise one in international law and appears to reflect what is called *nudum ius soveranitatis*. This is nothing more than a kind of formal title of a sovereign and does not confer on Japan any right to exercise any true sovereignty.

In lay language, it can be said that what Japan retains with respect to the Ryukyus is the right to expect that the United States will not transfer the Ryukyus, including Okinawa, to any third party.

Ryukyus not U.S. territory

Having never been ceded by Japan, the Ryukyu Islands are not U.S. territory, however. (Hudson, "Permanent Court of International Justice" (1920-42) (1943), 66). U.S. statutory law as a whole is not applicable to the area. The law consists of the law of Japan prior to 1945 and enactments of the local government and of the civil administration, including those carried over from military government. U.S. Federal courts have declared the islands to be a "foreign" country or territory in considering the application of specific U.S. statutes thereto. (See *U.S. v. Sharoma*, 123 F. Supp. 143.)

Executive Order No. 10713

The President in Executive Order 10713, signed on June 5, 1957 (set out in full later in the report), assigned to the Secretary of Defense the exercise of U.S. powers subject to his approval and direction. He charged the Secretary of Defense with the "development of an effective and responsible Ryukyuan government based on democratic principles and supported by a sound financial structure" and with making every effort to "improve the welfare and well-being of the inhabitants" (22 Fed. Reg. 4007, 1957).

The responsibilities of the United States as "de facto" sovereign result both from the demands of national security and from humanitarian considerations. As was stated by a special subcommittee of the House Armed Services Committee (Price committee), following a visit to Okinawa in 1955, the U.S. responsibilities toward the Okinawans "arise in the first instance from our tradition of fair play." They stated further that—

Okinawa has become, in its most precise sense, a "showcase of democracy." The eyes of the world and particularly the hooded eye of the Communist world are fixed effectively on our actions in Okinawa, the latter in concentrated study to discover what can be used as propaganda against us. These two considerations have been placed in order of priority—morality first, practicality second ("Report of a Special Subcommittee of the Armed Services Committee," No. 86, 1956, p. 7658).

Administration not temporary

That the administration of the Ryukyus, and the responsibilities imposed thereby, are not provisional or temporary in nature has been made crystal clear since December 1953 when Secretary of State Dulles stated that—

the U.S. Government believes it is essential for the success of the cooperative effort of the free nations of Asia and of the world in the direction of peace and security, that the United States continue to exercise its present powers and rights in the * * * Ryukyu Islands and in other islands specified in article 3 of the treaty so long as conditions of threat and tension exist in the Far East.

In his budget transmitted to the Congress on January 19, 1959, the President noted that the United States was empowered to continue to exercise jurisdiction over the territory and its 830,000 inhabitants. Because of the critical strategic importance of the islands to the free world, he stated that the United States "will be responsible for their administration for an indefinite period."

FURTHER AUTHORITATIVE STATEMENTS RE U.S. TENURE

1. On December 24, 1953, Secretary of State Dulles, on the occasion of the reversion of Amami Oshima to Japan, stated for the press:

The U.S. Government believes that it is essential for the success of the cooperative effort of the free nations of Asia and of the world in the direction of peace and security, that the United States continue to exercise its present powers and rights in the remaining Ryukyu Islands and in the other islands specified in article 3 of the peace treaty so long as conditions of threat and tension exist in the Far East.

2. On January 7, 1954, President Eisenhower, in his state of the Union message to Congress, stated: "We shall maintain indefinitely our bases in Okinawa."

3. On December 30, 1955, Secretary of the Army Brucker, following his return from a trip to the Far East, stated for the press:

The United States intends to retain control of Okinawa for many, many years.

4. On January 16, 1956, President Eisenhower, in his budget for fiscal year 1957, stated:

The Ryukyu Islands are the remaining responsibility under this appropriation. Under the treaty of peace with Japan, the United States is empowered to continue to exercise all powers of administration, legislation, and jurisdiction over the territory and the 800,000 inhabitants of the Ryukyu Islands. A system of military bases and other installations pertinent to the defense of the Pacific area has been developed in the islands. Since these are of critical strategic importance to the security of the free world, it is expected

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that the United States will be responsible for their administration for an indefinite period.

5. On June 8, 1956, the House Armed Services Committee approved the Price subcommittee report, which stated:

The question as to the length of our tenure was perhaps best answered by the Secretary of State when he said, in connection with the return of the Amami Islands to the jurisdiction of Japan, that it was the intention of the United States, to continue "to exercise its present powers and rights in the remaining Ryukyu Islands * * * so long as conditions of threat and tension exist in the Far East." Unhappily, therefore, it appears that we will be on Okinawa for a very long time.

6. On June 27, 1956, U.S. Ambassador to Japan Allison stated for the press:

I have noted that as a result of recent press statements particularly about the Price subcommittee report there have arisen misapprehensions concerning American intentions in Okinawa and Japan. I want to say emphatically that there has been no change in our basic policy either toward Okinawa or Japan. With regard to the Ryukyu Islands we have recognized Japan's residual sovereignty and have no intention of seeking to acquire permanent possession of the islands. When we returned the Amami-Oshima Islands to Japan in 1953 the Secretary of State said that the United States would "continue to exercise its present powers and rights in the remaining Ryukyu Islands * * * so long as conditions of threat and tension exist in the Far East." No one can predict exactly how long these conditions will obtain, but it remains our considered estimate that they necessarily may last for some time. In the meantime, I am sure our friends everywhere realize that our presence on Okinawa is part of our contribution to that joint strength essential to the defense of freedom.

7. In the Eisenhower-Kishi joint communique of June 21, 1957 the following appears:

The Prime Minister emphasized the strong desire of the Japanese people for the return of administrative control over the Ryukyu and Bonin Islands to Japan. The President reaffirmed the U.S. position that Japan possesses residual sovereignty over these islands. He pointed out, however, that so long as the conditions of threat and tension exist in the Far East the United States will find it necessary to continue the present status. He stated that the United States will continue its policy of improving the welfare and well-being of the inhabitants of the islands and of promoting their economic and cultural advancement.

8. The Budget of the U.S. Government for fiscal year 1958 reads on page 607 as follows:

Since (the Ryukyu) Islands are of critical strategic importance to the security of the free world, it is expected that the United States will be responsible for their administration for an indefinite period.

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ECONOMIC AND SOCIAL DEVELOPMENT IN RYUKYU ISLANDS 11

9. The same statement appears in the Budget of the United States for fiscal year 1959, page 546.

10. In the Budget of the United States for fiscal year 1960, the following statement is made on page 566:

Since a system of military bases and other installations pertinent to the defense of the Pacific area has been developed in these islands which are of critical importance to the security of the free world, it is expected that the United States will be responsible for their administration for an indefinite period.

SOME ECONOMIC CONSIDERATIONS

Economy of scarcity

Although we have rebuilt and expanded the Ryukyuan economy and have given it new direction, it continues, nevertheless, to be an economy of scarcity, and from the viewpoint of natural resources it will never be anything other than that. Prior to the war, as one of the most indigent prefectures of Japan, it received annual subsidies of from \$4 to \$6 million from the Central Government in Tokyo. Today, its population density of over 1,000 persons per square mile is twice that of Japan and one of the highest in the world. A substantial portion of its food requirements is imported each year. It has a serious shortage of industrial and commercial skills and inadequate venture capital to exploit such resources as are available. So, in spite of the reconstruction of the major part of the physical plant and the restoration of normal activity, there remains the difficult task of promoting the welfare and well-being of the Ryukyuan people, of bringing their economy closer to viability, of making them as self-sustaining as possible.

Examples

When one considers the magnitude of the needs, of the requirements which must be met to accomplish this, and measures against these the resources which are available it immediately becomes evident that external assistance is essential.

Without purporting to describe all of these requirements, there is one category of physical needs which can be discerned most readily and which add up to many millions of dollars in cost, but which also will mean millions in value of increased production. Among these are the following:

(a) *Roads and bridges.*—In addition to the heavy annual layouts for road maintenance and repair there is a requirement of not less than 325 miles of new road construction. Because of the difficult terrain and the essentiality of bridges and culverts involved, the cost of these roads would amount to \$44 million.

(b) *Retaining walls.*—For adequate protection of roads and bridges as well as farmland bordering the sea, over 500,000 linear feet of retaining walls are required at an estimated cost of about \$16 million.

(c) *Irrigation facilities.*—Priority requirements for irrigation facilities, essential for increased agricultural production, have been established at 39 locations where resultant increased yields will be most significant. These will cost about \$4.5 million to build but the consequent annual increase in yield from them will approximate \$3 million. In order to bring all potential acres into cultivation, there are needed

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some 44 additional irrigation systems at an estimated cost of \$8 million.

Thus, these three construction items alone—without reference to needed ports and harbors, schools and water systems—would require an investment approximating \$75 million.

Government services

If we add to required construction outlays the costs of providing governmental services (including those required because of the presence of U.S. Forces) and a part of the social benefits generally regarded as essential by minimum contemporary standards it becomes clear that it will cost a great deal to advance this economy toward viability.

Resources

Against the totality of these requirements available resources should be aimed and measured. First, there are the receipts of the government of the Ryukyu Islands. It is noted with some satisfaction that tax and nontax revenues of the government of the Ryukyu Islands increased from a level of \$11.7 million in fiscal year 1955 to an estimated \$22.4 million in fiscal year 1960. At the same time, with the population growth of approximately 20,000 a year, requirements for essential government expenditures have increased from \$16.4 million in fiscal year 1955 to slightly more than \$26 million in fiscal year 1960. When one adds to these government outlays an average requirement of approximately \$2 million a year for typhoon disaster relief and reconstruction, it becomes apparent that the capabilities for the government of the Ryukyu Islands are seriously inadequate to meet current requirements—much less to accomplish those things which are essential if productivity is to be increased to any appreciable degree.

Increased productivity

The Ryukyuan themselves know that they must strain to increase their productivity and this is indicated by the manner in which the Ryukyuan Government is employing its increased revenues. A comparison of the fiscal year 1960 budget with the fiscal year 1958 budget of the government of the Ryukyu Islands shows that investment in capital outlays (for physical property) are up 155 percent over 1958. For the same period, Ryukyuan Government investment in lending institutions—which are important for economic development—is up 84 percent over what it was in 1958. During the same period, normal government operations costs increased only 12 percent, and subsidies—well known to be politically popular in that part of the world—decreased by 60 percent.

The Ryukyuan are willing, then, to make their own investment in economic development. It is not a case of the United States taking them too far, too fast—but of providing, on a reasonable annual basis, economic assistance which will enable this economy to grow at a rate which is not unfavorable with the rate of growth in other nearby areas and which will reflect credit on the U.S. administration. The High Commissioner and his civil administration staff considered that the revenue program of the government of the Ryukyu Islands represents about the optimum to be expected at this time. This leads to the conclusion, therefore, that the funds needed to help this economy to live and grow must be sought elsewhere.

USCAR revenues inadequate

The revenues derived by the U.S. civil administration from public-benefit trusts and business type operations (covered by sec. 3 of the proposed bill) will be seriously inadequate to meet the needs. In fiscal year 1960, a grant to the government of the Ryukyu Islands in the amount of \$500,000 was provided from this source. No such grant is proposed for fiscal year 1961 since revenues from these sources will be required principally for reinvestment in the expansion of the power facilities and other basic activities.

No mutual security

Because the Ryukyu Islands are under the jurisdiction of the United States, they do not qualify for the generous benefits provided for friendly foreign governments under the Mutual Security Act and other assistance programs, such as the Development Loan Fund or the World Bank. Neither do the Ryukyu Islands receive the benefits which are accorded territorial and insular possessions of the United States. So, the Army, as the administrative authority, has come to the Congress annually to request specific provision of relatively modest sums in order that it might discharge its responsibility for promoting the welfare and well-being of the Ryukyuan people. The Army recognizes fully—and with appreciation—that the Congress has in the past few years increased the economic assistance provided to the Ryukyus from less than \$1 million in 1958 to \$3.5 million for the current year. Coming as we have before an Appropriations Subcommittee with a request for further increase to \$4.5 million for fiscal year 1961, we consider it eminently fair that the Congress should inquire as to how far we are going in this regard and at what level we may be expected to stop.

Annual economic assistance

The Army has held the view for some time that economic assistance in the range of \$6 million annually is required to discharge our civil administration responsibilities in the Ryukyus. However, the Army has not requested all of the money required for all of these items in one year, but has endeavored by presentation of the facts in successive years to move gradually to that level which is considered necessary to assure progress of the Ryukyu toward economic viability.

PRECEDENTS FOR BILL

That the action proposed by this bill is one which has been considered and approved by the Congress previously is illustrated by the fact that similar legislation has been enacted with respect to the Virgin Islands and Guam (and, also, the Philippine Islands and Puerto Rico). A description of this legislation relating to the first two of these is set out below.

Virgin Islands

The act of March 3, 1917, provided that the duties and taxes collected by the Federal Government in the Virgin Islands—

shall not be covered into the general fund of the Treasury of the United States, but shall be used and expended for the government and benefit of said islands under such rules and regulations as the President may prescribe.

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The act of June 22, 1936, provided that the proceeds of customs duties, less the cost of collection, and the proceeds of the U.S. income tax, and the proceeds of any taxes levied by the Congress on the inhabitants of the Virgin Islands, and all quarantine, passport, immigration, and naturalization fees collected in the Virgin Islands shall be covered into the treasury of the Virgin Islands and held in account for the respective municipalities; and shall be expended for the government and benefit of said municipalities in accordance with annual municipal budgets.

The act of July 22, 1954, also provides that the proceeds of the U.S. income tax and any other tax levied by the Congress on inhabitants of the Virgin Islands shall be covered into the treasury of the Virgin Islands. The act further provides that beginning with the fiscal year June 30, 1954, and annually thereafter, the Secretary of the Treasury shall pay into a special fund in the Virgin Islands treasury all taxes collected under the internal revenue laws of the United States on articles produced in the Virgin Islands and transported to the United States, less 1 percent and the estimated amount of refunds. An amount equal to the total amount of revenues collected by the government of the Virgin Islands during the fiscal year may be expended as the legislature may determine, subject to the approval of the President or his designated representatives. Any outstanding balance may be used only for emergency purposes and essential public projects, subject to prior approval by the President or his designated representative. Any amount in the fund at the end of the fiscal year in excess of \$5 million must be paid into the U.S. Treasury as miscellaneous receipts.

Guam

The act of August 1, 1950, provides that all customs duties and Federal income taxes derived from Guam, the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in Guam and transported to the United States, its territories or possessions, or consumed in Guam, and the proceeds of any other taxes which may be levied by the Congress on the inhabitants of Guam, and all quarantine, passport, immigration, and naturalization fees collected in Guam shall be covered into the treasury of Guam and held in account for the government of Guam, and shall be expended for the benefit and government of Guam in accordance with the annual budgets.

Additional precedents

Set out in the hearing before the full Armed Services Committee are numerous additional examples of fund retention within and outside United States. The committee invites particular attention to the extended treatment given these precedents in the hearing as added assurance that this measure does not represent any change in congressional policy or an embarkation on any new and untried course of action.

FISCAL DATA

Administrative costs of the civil administration of the Ryukyu Islands will continue to require annual budgetary provision; such costs will not, however, be increased as a result of this proposed legislation. The provisions of section 4 will provide a level of economic assistance somewhat less than one-half of the average annual amount

ECONOMIC AND SOCIAL DEVELOPMENT IN RYUKYU ISLANDS 15

appropriated for economic aid during the period fiscal years 1947 to 1958.

DEPARTMENTAL DATA

H.R. 1157 is part of the Department of Defense legislative program for fiscal year 1961 and has the approval of the Bureau of the Budget as is evidenced by letter dated January 15, 1959, from then Secretary of Defense Neil McElroy which is set out below and made a part of this report. Also set out below is a letter dated December 28, 1959 from Secretary of Defense Thomas S. Gates which reiterates the strong support of the executive branch in the early passage of this measure.

THE SECRETARY OF DEFENSE,
Washington, January 15, 1959.

Hon. SAM RAYBURN,
Speaker of the House of Representatives:

DEAR MR. SPEAKER: There is forwarded herewith a draft of legislation to provide for the promotion of economic and social development in the Ryukyu Islands, together with a sectional analysis thereof.

This proposal is a part of the Department of Defense legislative program for 1959, and the Bureau of the Budget has advised that it has no objection to the submission of this proposal to the Congress. The Department of the Army has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of this proposed legislation is to establish a basis in law for U.S. programs for the promotion of economic and social development in the Ryukyu Islands.

The interest of the United States in the Ryukyu Islands is indicated by strategic military considerations of the highest importance. Consequently, the task of administering the islands has been assigned by the President to the Department of Defense, an assignment necessitated by the inextricable linking of civil and military functions there. In the tightly constricted area of the Ryukyus, virtually all activities and policies of the local government directly affect military planning and operations. The proposed legislation would formalize existing arrangements for performance of the basic military mission and provide means for maintaining and increasing the effectiveness of that performance.

COST AND BUDGET DATA

Administrative costs of the civil administration of the Ryukyu Islands will continue to require annual budgetary provision; such costs will not, however, be increased as a result of this proposed legislation. The provisions of section 4 will provide a level of economic assistance somewhat less than one-half of the average annual amount appropriated for economic aid during the period fiscal years 1947-58.

Sincerely yours,

NEIL McELROY,
Secretary of Defense.

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THE SECRETARY OF DEFENSE,
Washington, December 28, 1959.

HON. CARL VINSON,
Chairman, Committee on Armed Services,
House of Representatives.

DEAR MR. CHAIRMAN: By letter dated January 15, 1959, Secretary McElroy transmitted to the Congress a legislative proposal, which was referred to your committee, to provide for the promotion of economic and social development in the Ryukyu Islands. Our representatives in the Far East have recently confirmed my view that early passage of this legislation is of great importance to achievement of U.S. policy objectives in the Far East.

It is my conviction that enactment into law of the basic elements of the bill would have a profound beneficial effect, psychologically and politically, as well as economically, in the Ryukyu Islands and in Japan.

I would therefore deeply appreciate your good offices in arranging early enactment of this proposal by the Congress.

Sincerely yours,

THOMAS S. GATES

EXECUTIVE ORDER 10713

PROVIDING FOR ADMINISTRATION OF THE RYUKYU ISLANDS

WHEREAS under Article 3 of the Treaty of Peace with Japan the United States is exercising all and any powers of administration, legislation and jurisdiction over the territory, including territorial waters, and inhabitants of the Ryukyu Islands (the term "Ryukyu Islands," as used in this order, meaning Nansei Shoto south of 29° north latitude, excluding the islands in the Amami Oshima group with respect to which all rights and interests of the United States under the said Article of the Treaty have been relinquished to Japan);

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution, and as President of the United States and Commander-in-Chief of the armed forces of the United States, it is ordered as follows:

Section 1. Except as the Congress may otherwise provide by law with respect to the government of the Ryukyu Islands, all administrative, legislative, and jurisdictional powers reposed in the United States by Article 3 of the Treaty of Peace with Japan shall be exercised in accordance with this order.

Sec. 2. The said powers shall be exercised by the Secretary of Defense, subject to the direction and control of the President of the United States. In the exercise of this authority the Secretary of Defense shall encourage the development of an effective and responsible Ryukyuan government, based on democratic principles and supported by a sound financial structure, shall make every effort to improve the welfare and well-being of the inhabitants of the Ryukyu Islands, and shall continue to promote the economic and cultural advancement of the inhabitants. The Secretary of Defense may delegate any function vested in him by this order to such officials or organizational entities of the Department of Defense as he may designate.

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Sec. 3. The Secretary of State shall be responsible for the conduct of relations with foreign countries and international organizations with respect to the Ryukyu Islands.

Sec. 4. There is established, under the jurisdiction of the Secretary of Defense, a civil administration of the Ryukyu Islands, the head of which shall be known as the High Commissioner of the Ryukyu Islands (hereinafter referred to as the "High Commissioner"). The High Commissioner (a) shall be designated by the Secretary of Defense, after consultation with the Secretary of State and with the approval of the President, from among the active duty members of the armed forces of the United States; (b) shall have the powers and perform the duties assigned to him by the terms of this order; (c) may delegate any function vested in him to such officials of the civil administration as he may designate; and (d) shall carry out any powers or duties delegated or assigned to him by the Secretary of Defense pursuant to this order.

Sec. 5. There is hereby continued, subject to the provisions of this order, the now existing Ryukyuan central government (hereinafter referred to as the Government of the Ryukyu Islands).

Sec. 6. The legislative power of the Government of the Ryukyu Islands, except as otherwise provided in this order, shall be vested in a legislative body whose members are directly elected by the people of the islands. The legislature shall consist of a single house of 29 members who shall be elected biennially in even-numbered years from single representative districts.

Sec. 7. The legislative body shall exercise legislative powers which extend only to all subjects of legislation of domestic application. The legislative body shall determine the procedures for judging the selection and qualification of its own members and shall choose therefrom its officers and determine its rules and procedures. Local legislative bodies, the members of which shall be elected by the inhabitants of the respective municipalities in accordance with procedures established by the legislative body of the Government of the Ryukyu Islands, shall be given and shall exercise appropriate municipal legislative powers. The High Commissioner shall report to the Secretary of Defense all laws enacted by the legislative body of the Government of the Ryukyu Islands and the said Secretary shall report the same to the Congress of the United States.

Sec. 8. The executive power of the Government of the Ryukyu Islands shall be vested in a Chief Executive who shall be a Ryukyuan, appointed by the High Commissioner after consultation with representatives of the legislative body. The Chief Executive shall have general supervision and control of all executive agencies and instrumentalities of the Government of the Ryukyu Islands and shall faithfully execute the laws and ordinances applicable to the Ryukyu Islands. The head of each municipal government shall be elected by the people of the respective municipality in accordance with procedures established by the legislative body of the Government of the Ryukyu Islands.

Sec. 9. Every bill passed by the legislative body shall, before it becomes law, be presented to the Chief Executive. If the Chief Executive approves a bill he shall sign it, but if not he shall return it, with his objections, to the legislative body within fifteen days after it shall have been presented to him. If a bill is not returned within

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the specified fifteen day period, it shall become law in like manner as if it had been approved by the Chief Executive, unless the legislative body by adjournment prevents its return, in which case it shall be law if approved by the Chief Executive within forty-five days after it shall have been presented to him; otherwise it shall not be law. When a bill is returned to the legislative body with objections by the Chief Executive, the legislative body may proceed to reconsider it. If, after such reconsideration two thirds of the legislative body pass it, it shall be sent to the High Commissioner. If the High Commissioner approves it, he shall sign it. If he does not approve it, he shall return it to the legislative body so stating, and it shall not be law. If the High Commissioner neither approves nor disapproves the bill within forty-five days from the date of transmittal to him by the legislative body, it shall become law in like manner as if he had signed it. If any bill approved by the legislative body contains several items of appropriation of money, the Chief Executive may object to one or more of such items or any part or parts, portion or portions thereof, while approving the other items, or parts or portions of the bill. In such case, the Chief Executive shall append to the bill, at the time of signing it, a statement of the items, or parts or portions thereof, objected to, and the items, or parts or portions thereof, so objected to shall not take effect. Should the legislative body seek to over-ride such objections of the Chief Executive, the procedures set forth above will apply. In computing any period of days for the foregoing purposes, Sundays and legal holidays shall be excluded.

Sec. 10. Judicial powers in the Ryukyu Islands shall be exercised as follows:

(a) A system of courts, including the civil and criminal courts of original jurisdiction and appellate tribunals, shall be maintained by the Government of the Ryukyu Islands. These courts shall exercise jurisdiction as follows:

(1) Civil jurisdiction in all civil cases, subject to the provisions of paragraphs (b) (1) and (2), below:

(2) Criminal jurisdiction over all persons except (a) members of the United States forces or the civilian component, (b) employees of the United States Government who are United States nationals even though not subject to trial by courts-martial under the Uniform Code of Military Justice (10 U. S. C. 801 et seq.), and (c) dependents of the foregoing; provided, nevertheless, that subject to paragraph (c), below, criminal jurisdiction may be exercised by Courts of the Government of the Ryukyu Islands over dependents who are Ryukyuan. Criminal jurisdiction may be withdrawn from the courts of the Government of the Ryukyu Islands by the High Commissioner in any case which affects the security, property, or interests of the United States and which is so designated by him.

(b) A system of courts, including civil and criminal courts of original jurisdiction and appellate tribunals, shall be maintained by the civil administration. These courts shall exercise jurisdiction as follows:

(1) Civil jurisdiction over any case or controversy of particular importance affecting the security, property, or interests of the United States, as determined by the High Commissioner. Such cases instituted in a court of the Government of the Ryukyu Islands shall be transferred to the appropriate civil administration court upon order of the High Commissioner at any time in the proceedings, including

final appellate process, prior to the entering of final decree, order or judgment. Cases so transferred may be subject to trial *de novo* in the discretion of the court of the civil administration.

(2) Civil jurisdiction in cases and controversies in which a member of the United States forces or the civilian component thereof, an employee of the United States Government who is a United States national, or a dependent of one of the foregoing, unless such dependent is a Ryukyuan, is a party if upon petition of one of the parties to the suit the High Commissioner deems the case to be important in its effect, direct or indirect, on the security of the islands, on foreign relations or on the security, property or interests of the United States or nationals thereof and determines that the civil administration should assume jurisdiction over the case. In this event, such cases, instituted in a court of the Government of the Ryukyu Islands shall be transferred to the appropriate civil administration court by order of the High Commissioner at any time in the proceedings, including final appellate process, prior to the entering of final decree, order or judgment. Cases so transferred may be subject to trial *de novo* in the discretion of the court of the civil administration.

(3) Criminal jurisdiction over United States nationals employed by the United States or any agency thereof who are not subject to trial by courts-martial under the Uniform Code of Military Justice (10 U. S. C. 801 et seq.) and their dependents, excluding Ryukyuan.

(4) Criminal jurisdiction in specific cases of particular importance affecting the security, property, or interests of the United States, as determined by the High Commissioner. Such cases instituted in a court of the Government of the Ryukyu Islands may be transferred to the appropriate civil administration court upon order of the High Commissioner at any time in the proceedings, including the final appellate process, prior to the entering of final decree, order or judgment. Cases so transferred may be subject to trial *de novo* in the discretion of the court of the civil administration.

(c) Criminal jurisdiction over persons subject to trial by courts-martial under the Uniform Code of Military Justice (10 U. S. C. 801 et seq.) will be exercised by courts other than courts-martial only when the military commander concerned determines not to exercise military jurisdiction under the Uniform Code of Military Justice and specifically indicates to the High Commissioner his approval of referring the case to another court.

(d) The highest appellate court of the civil administration shall have jurisdiction to review:

(1) Any case, civil or criminal, tried in the inferior courts of the civil administration, whether initiated therein or removed thereto, upon appeal by any party;

(2) Any case, civil or criminal, decided by the highest court of the Government of the Ryukyu Islands having jurisdiction thereof in which is involved:

(i) a conflict of decision between the highest court of the Government of the Ryukyu Islands and the highest appellate court of the civil administration or

(ii) a question of United States, foreign or international law, including the interpretation of any treaty, Act of Congress of the United States, Executive order of the President of the United States, or of a proclamation, ordinance, or order of the High Commissioner.

upon appeal by any party or, if no such appeal be taken, upon petition, setting forth the special grounds therefor, presented to the court by the Chief Legal Officer of the civil administration. The highest appellate court of the civil administration shall have power to affirm, modify, set aside or reverse the judgment, order or decree reviewed or to remand the case with such directions for a new trial or for entry of judgment as may be just. In a criminal case, the appellate court may set aside the judgment of conviction, or may commute, reduce (but not increase) or suspend the execution of sentence.

(e) Nothing in this section shall be construed as extending to any court of the Government of the Ryukyu Islands or of the civil administration, jurisdiction over the United States Government or any agency thereof unless specific authority has been conferred in the premises by the Congress of the United States.

(f) For the purpose of these provisions the expression

(1) "Members of the United States Forces" shall mean the personnel on active duty, belonging to the land, sea or air armed forces of the United States of America whenever in the Ryukyu Islands.

(2) "Civilian component" shall mean the civilian persons of United States nationality who are in the employ of, serving with, or accompanying the United States Forces whenever in the Ryukyu Islands.

(3) "Dependents" shall mean the spouse and any child or relative by affinity, consanguinity or adoption when dependent upon the principal for over one-half of his or her support whenever in the Ryukyu Islands.

Sec. 11. The High Commissioner may, if such action is deemed necessary for the fulfillment of his mission under this order, promulgate laws, ordinances or regulations, with due regard to the provisions of section 2 hereof. The High Commissioner, if such action is deemed by him to be important in its effect, direct or indirect, on the security of the Ryukyu Islands, or on relations with foreign countries and international organizations with respect to the Ryukyu Islands, or on the foreign relations of the United States, or on the security, property or interests of the United States or nationals thereof, may, in respect of Ryukyuan bills, laws, or officials, as the case may be, (a) veto any bill or any part or portion thereof, (b) annul any law or any part or portion thereof within 45 days after its enactment, and (c) remove any public official from office. The High Commissioner has the power of reprieve, commutation and pardon. The High Commissioner may assume in whole or in part, the exercise of full authority in the islands, if such assumption of authority appears mandatory for security reasons. Exercise of authority conferred on the High Commissioner by this section shall be promptly reported to the Secretary of Defense who shall inform the Secretary of State.

Sec. 12. In carrying out this order, including section 11, the High Commissioner shall preserve to persons in the Ryukyu Islands the basic liberties enjoyed by people in democratic countries, including freedom of speech, assembly, petition, religion and press, and security from unreasonable searches and seizures, and from deprivation of life, liberty or property without due process of law.

Sec. 13. The Secretary of Defense may issue such further instructions as may be necessary for the carrying out of this order.

Sec. 14. Except as they may be inconsistent herewith, the proclamations, ordinances, and directives heretofore issued by the existing

civil administration and its predecessor military government agencies shall continue in force and effect until modified, revoked, or superseded under the authority of this order. No proceeding, either civil or criminal, pending in any court of the Government of the Ryukyu Islands or of the civil administration of the Ryukyu Islands on the date of this order shall abate by reason of this order; and any such proceeding shall be conducted and concluded in accordance with the laws, ordinances, proclamations and directives in effect immediately before the date of this order.

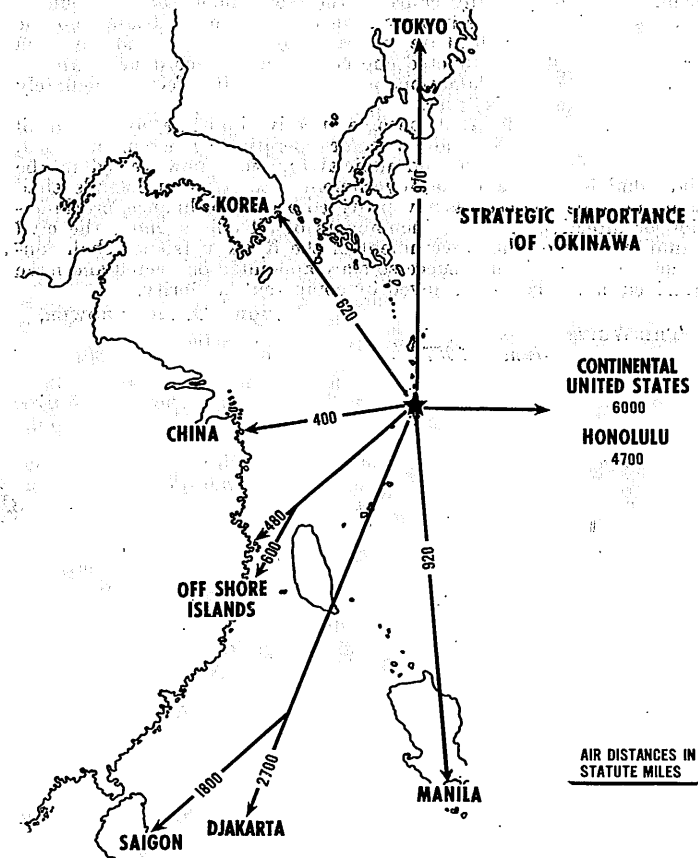
Sec. 15. This order shall become effective immediately, but until its provisions shall severally become operative as herein provided, the legislative, executive and judicial functions now vested in the civil administration and the Government of the Ryukyu Islands, shall continue to be exercised as now provided by law, ordinance, proclamation or directive, and the incumbents of all offices under the civil administration or the Government of the Ryukyu Islands shall continue in office until their successors are appointed or elected and have qualified, unless sooner removed by competent authority.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE,
June 6, 1957.

STANDARD
FORM NO. 64
MAY 1956 EDITION
GSA GEN. REG. NO. 27

22 ECONOMIC AND SOCIAL DEVELOPMENT IN RYUKYU ISLANDS



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公法 86 - 629 号

第 86 国会下院議案第 1157 号

1960 年 7 月 12 日議決

琉球列島における経済的社会的発展の促進に関する法律

アメリカ合衆国々会上院及び下院は次のとおり定める。

大統領が、対日講和条約第 3 条によつて米国に与えられた琉球列島に関する権限を行使するに当つては、米国が琉球列島に関する権限を留保する期間中、琉球列島住民の福祉安寧を増進し、その経済的文化的発展を促進するためあらゆる努力をしなければならない。

第二節 琉球政府が受領するすべての罰金、手数料、没収、税金、賦課金その他の才入は、琉球列島の国庫に払込み、琉球政府の支出に充てらる。

第三節 次に掲げる源泉から生じた琉球列島米国民政府の才入は、ここに琉球列島高等弁務官に設置の権限を与える特別資金として預託し、大統領が承認する年次予算計画に基づき支出負担行為及び支出されるものとする。

- (a) 琉球列島民政府又はその前身機関が設置した公益信託事業、企業的事業、基金及び企業
- (b) 全面的又は部分的に琉球列島民政府が所有する公社
- (c) 琉球列島民政府が受領した罰金、手数料及び没収品

第四節 次の目的のために、大統領が認める計画に基く負担行為及び支出のために各年度 6,000,000 ドルを超えない資金を割当することを認める。すなわち、(a) 琉球列島の経済的発展を促進し、その住民の福祉を増進すること、(b) 琉球列島に駐留する米国軍隊のために及びその駐留の故に行われた役務に対し琉球政府に補償すること（公衆衛生及び保安面における役務の補償を含む。この場合年額にして琉球政府に前渡することが出来る。そして (c) 琉球列島における台風その他災害等の緊急な目的とする。琉球政府が費用の一部を負担し又はその他の資源を供出することによつて参加している計画を優先せしめるものとする。

第五節 この法律で「琉球列島」とは、対日平和条約第三条による米国のすべての権利及び利益を日本に帰した奄美諸島を除く、北緯二十九度以南の南西諸島をいう。

第六節 この法律のいかなる規定も、別に適用せしめない限り、いかなる米国の法律の適用も琉球列島に拡大するものと解してはならない。

第七節 琉球列島米国民政府のすべての財政上の業務、（同政府が設置し、利用している代行機関又は出先機関の業務を含む。）は、1921 年の予算会計法及び 1950 年の会計監査法の規定に基づき会計検査院の監査を受けるものとする。

会計検査院の代表は、前記政府代行機関又は出先機関に属する又は使用

するもので、監査に必要なすべての帳簿、勘定、記録、綴及びその他すべての書類、物品又は財産に接することを許される。本節の規定は、琉球政府には、適用しない。

1960年7月12日承認

米日協定
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PROPOSED DRAFT LEGISLATION FOR PROMOTION OF
ECONOMIC AND SOCIAL DEVELOPMENT IN RYUKYUAN ISLANDS

Be it enacted by the Senate and the House of Representatives of the United States in Congress assembled that in the exercise by the President of the authority over the Ryukyu Islands granted the United States by Article 3 of the Treaty of Peace with Japan every effort shall be made to improve the welfare and well-being of the inhabitants of the Ryukyu Islands and to promote their economic and cultural advancement during such time as the United States continues to retain authority over the Ryukyu Islands.

SECTION 2. All fines, fees, forfeitures, taxes, assessments and any other revenues received by the Government of the Ryukyu Islands shall be covered into the Treasury of the Ryukyu Islands and shall be available for expenditure to the Government of the Ryukyu Islands.

SECTION 3. Revenues derived by United States Civil Administration of Ryukyu Islands from following resources shall be deposited in separate funds, which are hereby authorized to be established, and shall be available for obligation and expenditure in accordance with the annual budget programs approved by the President:

(A) Public benefits trusts, business type operations, funds and enterprises established by the United States Civil Administration of the Ryukyu Islands, or its predecessor agencies;

(B)

- 2 -

(B) Corporations wholly or partly owned by United States Civil Administration of Ryukyu Islands; and

(C) Fines, fees and forfeitures received by the Civil Administration.

SECTION 4. Beginning with the fiscal year ending 30 June 1960, and annually thereafter, the Secretary of the Treasury shall ascertain the amount of all federal income taxes imposed by the internal revenue laws of the United States and collected during the fiscal year from individuals stationed, employed or performing services in the Ryukyu Islands on the last day of their tax year, and shall further ascertain from information furnished by USCAR the amount of federal income taxes imposed by internal revenue laws of United States and collected during fiscal year from persons (including corporations and other business entities) doing business in the Ryukyu Islands which is attributable to income derived from their operations within the Ryukyu Islands. The amounts so ascertained, less the estimated amount of refunds or credits, shall be transferred and paid over to a separate fund which shall be established by the High Commissioner of the Ryukyu Islands; provided that such payments shall not exceed \$6,000,000 in any fiscal year. The fund shall be available for obligation and expenditure in accordance with programs approved by the President for:

(a)

- (a) Promoting the economic development of the Ryukyu Islands and improving the welfare of inhabitants thereof;
- (b) Reimbursing the Government of the Ryukyu Islands for services performed for the benefit of and by reason of the presence of the Armed Forces of the United States, within the Ryukyu Islands, including but not limited to reimbursement for such services in the fields of public health and safety, in annual amounts which may be paid in advance to the Government of the Ryukyu Islands; and
- (c) Emergency purposes related to typhoons or other disasters. Preference shall be given to programs in which the Government of the Ryukyu Islands participates by sharing part of the costs or by contributing other resources. Any unobligated balance in excess of \$6,000,000 in the fund at the end of any fiscal year shall be transferred and paid over to the Treasury of the United States as miscellaneous receipts.

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SECTION 5. There are hereby authorized to be appropriated by the Congress of the United States such sums as may be necessary and appropriate to carry out the provisions and purposes of this law.

SECTION 6. The term "Ryukyu Islands", as used in this act, means Nansei Shoto south of 29 degrees north latitude, excluding the islands in the Amami Oshima group with respect to which all rights and interests of the United States under Article 3 of the Treaty of Peace with Japan have been relinquished to Japan.

SECTION 7.

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SECTION 7. Nothing in this act shall be construed to extend the application of any law of the United States to the Ryukyuan Islands which would not otherwise be applicable there.

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PROPOSED DRAFT LEGISLATION FOR PROMOTION OF
ECONOMIC AND SOCIAL DEVELOPMENT IN RYUKYUAN ISLANDS

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- 2 -

Section 4. There is hereby authorized to be appropriated not to exceed \$6,000,000 in any fiscal year for obligations and expenditure in accordance with programs approved by the President, for:

- (a) Promoting the economic development of the Ryukyu Islands and improving the welfare of the inhabitants thereof;
- (b) Reimbursing the Government of the Ryukyu Islands for services performed for the benefit of and by reason of the presence of the Armed Forces of the United States within the Ryukyu Islands, including but not limited to reimbursement for such services in the field of public health and in annual amounts which may be paid in advance to the Government of the Ryukyu Islands; and
- (c) Emergency purposes related to typhoons or other disasters in the Ryukyu Islands. Preference shall be given to programs of in which the Government of the Ryukyu Islands participated by sharing part of the costs or contributing other resources.

Section 5. The term "Ryukyu Islands", as used in this act, means Nansei Shoto south of 29 degrees north latitude, excluding the islands in the Amami Oshima group with respect to which all rights and interests of the United States under Article 3 of the Treaty of Peace with Japan have been relinquished to Japan.

Section 6. Nothing in this act shall be construed to extend the application of any law of the United States to the Ryukyuan Islands which would not otherwise be applicable there.

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SECTION 7. Nothing in this act shall be construed to extend the application of any law of the United States to the Ryukyuan Islands which would not otherwise be applicable there.

I. The Ryukyus are under U.S. administration pursuant to article 3 of the peace treaty with Japan. While retaining exclusive jurisdiction, the U.S. Government has acknowledged that Japan retains "residual sovereignty". Okinawa, by far the largest and most important Island in the Ryukyus and the site of a critical battle in world war II, is now the location of a tremendous U.S. military base complex, involving major facilities of the Army, Air force, Navy and Marine corps. It is the most important such U.S. military base in the far east.

II. Mr. Bundy, as the first administration witness, emphasized the strategic importance of the Ryukyus and the complete support of the Department of Defense for the requested increase in the aid authorization.

Mr. Johnson strongly supported the statements by Mr. Bundy. He stressed the importance of US-Japanese cooperation concerning the economic development of the Ryukyus, as in other matters, and of doing whatever can be done, in accordance with the administration's policy, to discharge the responsibility of the United States, as administering authority, to assist the Ryukyuans in their legitimate and natural efforts to improve their welfare and well-being. Mr. Ailes outlined the situation and the concept of increased aid for the Ryukyus. General Caraway delivered a statement in which he discussed the situation in the Ryukyus and stressed the urgent need for the increased aid.

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aid authorization. The committee was especially interested in the statements and answers by High Commissioner Caraway, as the official directly responsible for the administration of the Ryukyus, who came from Okinawa to provide his full support for the requested increase in the aid authorization.

III. In the presentations by the administration witnesses, it was brought out that a major feature of the concept of expanded aid would be increased capitalization of certain financial facilities in the Ryukyus for loans for economic development. Increased availability of funds for the financing of desirable projects would, it was explained, be a principal vehicle for sound economic development in the Islands. In addition, the concept calls for an increase in grant aid to the Government of the Ryukyu Islands, assuming that Government does its own part. Included in the grant aid category would be a variety of new measures in the general fields of public welfare. Some of these measures were described as conditional upon cooperative Japanese participation. The Japanese Government was described as being ready and willing to play an increased role in aid to the Ryukyus, although mutually agreeable specific arrangements are in the process of being worked out and are not yet finalized.

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The Committee now wishes to delineate at this point in the report the exact sums of money which are estimated to be required for fiscal year 1963 and to indicate with reasonable precision the uses to which these sums would be put.

Aid to the Ryukyuan economy, \$12 million

(A) Reimbursement for government services, \$ 945,000.

To reimburse the Government of the Ryukyu Islands for extraordinary expenses in the fields of public health and safety related to the presence in the Ryukyus of U.S. forces.

(B) Contribution to government projects, \$ 9,630,000.

To promote the economic and social development of the Rykyu Islands pursuant to Public Law 86-629 through contributions providing additional and improved educational facilities, teachers' pay, public health and medical programs, public safety measures, social welfare activities, public works and economic development \$ 4 million of this amount is required for capital augmentation of two essential public credit institutions.

(C) Disaster relief, \$ 1 million.

To provide funds on a continuing basis to meet the unpredictable HAVOC of typhoons and other natural disasters to which the Ryukyus are subject.

(D) Technical education and training and transportation of commodities, \$ 300,000.

To provide selected Ryukyuan leaders some first hand experience of various aspects of American life, to train

technicians

technicians to alleviate the serious shortage existing in these Islands, and to provide the nominal cost of ocean transportation for welfare supplies donated to the Ryukyuan people by U.S. voluntary aid organizations. The Ryukyuan

(E) Technical cooperation, \$ 125,000.

To provide a qualified group of educators to assist the University of the Ryukyus, and to obtain needed advisory services in agriculture, forestry, animal husbandry, fisheries, and industry.

In addition to the foregoing amounts, \$ 1,900,000 has been requested for fiscal year 1963 to provide personnel, operating expenses, and facilities for the High Commissioner of the Ryukyu Islands to administer the program and policies required under Public Law 86-629. Should H.R. 10937 be enacted into Law, some additional request would be made to the congress to cover the expenses involved in the expanding effort reflected in the bill.

Half of this additional request would be for the pay of additional personnel including the new civilian Civil Administrator. The balance provides related increased travel and operating expenses, and an expanded informational service more effectively to inform the Ryukyuan people of the character, objectives, programs, and resultant benefits of the U.S. Civil Administration, and the Government which it represents.

Below

Below is set out a table which shows appropriations from 1959 to date and the added \$ 6 million which would be requested for fiscal year 1963 if this bill is enacted into Law.

GOVERNMENT OF THE VIRGIN ISLANDS
SCHEDULE OF FUNDS AVAILABLE FOR EXPENDITURE, AND EXPENDITURES
GENERAL ACCOUNT

31 Dec 1958

	FY 1958 1st Half Actual	FY 1959 Total Estimate	FY 1960 Estimate
<u>BALANCE BROUGHT FORWARD:</u>			
Unobligated:			
Lapsed Prior Year Appropriations	\$ 489,705	\$ 489,600	\$ -
Surplus Cash	(727,132) e/	(727,132) e/	(814,284)
Obligated	3,259,004	3,259,004	3,547,477
<u>TOTAL BROUGHT FORWARD</u>	<u>\$ 2,211,577</u>	<u>\$ 3,021,472</u>	<u>\$ 2,733,193</u>
<u>RECEIPTS:</u>			
Income Taxes	\$ 2,500,000	\$ 6,700,000	\$ 7,300,000
Excise Taxes	\$ 2,201,000	11,500,000	11,500,000
Other Receipts	93,125	2,300,000	2,300,000
U.S. Assistance:			
ARI	1,175,000	1,500,000	4,000,000
Relief	321,000	375,000	600,000
USCAR General Fund	-	-	-
<u>TOTAL RECEIPTS</u>	<u>\$10,608,000</u>	<u>\$22,500,000</u>	<u>\$25,500,000</u>
<u>TOTAL BALANCE & RECEIPTS AVAILABLE</u>	<u>\$13,699,025</u>	<u>\$25,521,472</u>	<u>\$28,233,193</u>
<u>EXPENDITURES:</u>			
Current Year	\$ 9,387,638	\$19,594,400	\$21,415,158
Prior Years	2,937,816	3,104,500 e/	3,547,470
<u>TOTAL EXPENDITURES</u>	<u>\$12,325,454</u>	<u>\$22,698,900</u>	<u>\$24,962,628</u>

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GOVERNMENT OF THE VIRGIN ISLANDS
SCHEDULE OF FUNDS AVAILABLE FOR EXPENDITURE, AND EXPENDITURES
GENERAL ACCOUNT

30 June 1958

	FY 1958 Actual	FY 1959 Estimate	FY 1960 Estimate
<u>BALANCE BROUGHT FORWARD:</u>			
Unobligated:			
Lapsed prior year appropriations	\$ 631,690	\$ 47,005	\$ -
Surplus cash	1,179,819	(72,500)	(600,739)
Obligated	3,030,667	3,221,500	3,292,710
<u>TOTAL BROUGHT FORWARD</u>	<u>\$3,592,176</u>	<u>\$3,195,000</u>	<u>\$2,691,971</u>
<u>RECEIPTS:</u>			
Income Taxes	\$ 5,554,539	\$ 11,000,000	\$ 4,615,803
Excise taxes	10,457,562	12,000,000	12,922,133
Other receipts	2,081,219	1,000,000	2,112,409
U.S. Assistance:			
ARI	270,000	1,500,000	7,460,000
USCAR	1,714,445 e/	-	-
Relief	-	500,000	-
<u>TOTAL RECEIPTS</u>	<u>\$20,077,615</u>	<u>\$22,500,000</u>	<u>\$27,312,425</u>
<u>TOTAL balance & receipts available</u>	<u>\$23,669,791</u>	<u>\$25,695,000</u>	<u>\$30,004,396</u>
<u>EXPENDITURES:</u>			
Current year	\$19,053,101	\$19,323,908	\$22,705,075
Prior years	3,595,757	3,529,804	3,292,710
<u>Total expenditures</u>	<u>\$22,648,858</u>	<u>\$22,853,712</u>	<u>\$25,997,785</u>

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GOVERNMENT OF THE RYUKYU ISLANDS
SCHEDULE OF FUNDS AVAILABLE FOR EXPENDITURE, AND EXPENDITURES
GENERAL ACCOUNT

31 December 1959

	FY 1960 1st Half actual	FY 1960 Total Estimate	FY 1961 Estimate
<u>BALANCE BROUGHT FORWARD:</u>			
Unobligated:			
Lapsed Prior Year Appropriations	¥ 580,384	¥ 580,384	¥ -0-
Surplus Cash	(1,490,667)	(1,490,667)	(1,178,322)
Obligated	2,459,355	2,459,355	2,750,690
<u>TOTAL BROUGHT FORWARD:</u>	<u>¥ 1,549,072</u>	<u>¥ 1,549,072</u>	<u>¥ 1,572,368</u>
<u>RECEIPTS:</u>			
Income Taxes	¥ 3,198,352	¥ 7,558,100	¥ 7,412,800
Excise Taxes	6,431,559	12,576,000	13,795,800
Other Receipts	73,748	1,704,984	1,630,000
U.S. Assistance:			
RIA	407,500	3,000,000	4,500,000
USCAR	407,500	500,000	-0-
<u>TOTAL RECEIPTS</u>	<u>¥ 11,177,659</u>	<u>¥ 25,339,084</u>	<u>¥ 27,538,600</u>
<u>TOTAL BALANCES & RECEIPTS AVAILABLE</u>	<u>¥ 12,726,731</u>	<u>¥ 26,888,156</u>	<u>¥ 29,110,968</u>
<u>EXPENDITURES:</u>			
Current Year	¥ 10,727,081	¥ 22,941,817	¥ 25,134,397
Prior Years	2,212,068	2,373,971 b/	2,750,690
<u>TOTAL EXPENDITURES</u>	<u>¥ 12,939,149</u>	<u>¥ 25,315,788</u>	<u>¥ 27,885,087</u>

(Continued)



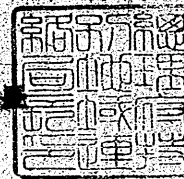
アジア局長
参事官
総務参事官
北東アジア課長

総特連オ989号

昭和35年8月27日

外務省アジア局長 殿

総理府特別地域連絡局長



琉球列島における経済的社会的発展の促進に関する

法律（通称プライス法）について

那覇日本政府南方連絡事務所長から、去る7月22日米国大統領によつて署名公布された標記法律の全文（英文ならびに同訳文）の送付があつたので、参考までに一部回送する。

なお、この資料は那覇事務所において琉球政府から入手したものであり、該法律に基づく援助資金は、1962会計年度より支出されることになつてゐることを申し添える。



総 理 府

回 覧 番 号

並 北 2250

COPY

Public Law 86 - 629
86th Congress, H. R. 1157
July 12, 1960

AN ACT

To provide for promotion of economic and social development in the Ryukyu Islands.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the exercise by the President of the authority over the Ryukyu Islands granted the United States by article 3 of the Treaty of Peace with Japan, every effort shall be made to improve the welfare and well-being of the inhabitants of the Ryukyu Islands and to promote their economic and cultural advancement, during such time as the United States continues to retain authority over the Ryukyu Islands.

Sec. 2. All fines, fees, forfeitures, taxes, assessments, and any other revenues received by the Government of the Ryukyu Islands shall be covered into the treasury of the Ryukyu Islands and shall be available for expenditure by the Government of the Ryukyu Islands.

Sec. 3. Revenues derived by the United States civil administration of the Ryukyu Islands from the following sources shall be deposited in separate funds, which are hereby authorized to be established by the High Commissioner of the Ryukyu Islands, and shall be available for obligation and expenditure in accordance with annual budget programs approved by the President:

(a) Public-benefit trusts, business-type operations, funds, and enterprises established by the civil administration of the Ryukyu Islands, or its predecessor agencies;

(b) Corporations wholly or partly owned by the civil administration of the Ryukyu Islands; and

(c) Fines, fees, and forfeitures received by the civil administration of the Ryukyu Islands.

Sec. 4. There is hereby authorized to be appropriated not to exceed \$6,000,000 in any fiscal year for obligation and expenditure in accordance with programs approved by the President, for: (a) promoting the economic development of the Ryukyu Islands and improving the welfare of the inhabitants thereof; (b) reimbursing the Government of the Ryukyu Islands for services performed for the benefit of and by reason of the presence of the Armed Forces of the United States within the Ryukyu Islands, including but not limited to reimbursement for such services in the fields of public health and safety, in annual amounts which may be paid in advance to the Government of the Ryukyu Islands; and (c) emergency purposes related to typhoons or other disasters in the Ryukyu Islands. Preference shall be given to programs in which the Government of the Ryukyu Islands participates by sharing part of the costs or contributing other resources.

Sec. 5. The term "Ryukyu Islands," as used in this Act, means Nansei Shoto south of twenty-nine degrees north latitude, excluding the islands in the Amami Oshima group with respect to which all rights and interests of the United States under article 3 of the Treaty of Peace with Japan have been relinquished to Japan.

Sec. 6. Nothing in this Act shall be construed to extend the application of any law of the United States to the Ryukyu Islands which would not otherwise be applicable there.

Sec. 7. All financial transactions of the United States civil administration of the Ryukyu Islands, including such transactions of all agencies or instrumentalities established or utilized by such administration, shall be audited by the General Accounting Office in accordance with the provisions of the Budget and Accounting Act, 1921, as amended, and the Accounting and Auditing Act of 1950, as amended. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by such administration, agencies, or instrumentalities, and necessary to facilitate the audit.

This section does not apply to the Government of the Ryukyu Islands.

APPROVED July 12, 1960.

1962年8月8日

下院歳入委員会報告書

(南緯大入等) 842

WEDNESDAY, AUGUST 8, 1962

RYUKYU ISLANDS—DEPARTMENT OF THE ARMY

SUPPLEMENTAL REQUESTS FOR FUNDS

WITNESSES

HON. STEPHEN AILES, UNDER SECRETARY OF THE ARMY
HOWARD HAUGERUD, DEPUTY UNDER SECRETARY OF THE ARMY
(INTERNATIONAL AFFAIRS)
EDWARD W. O'FLAHERTY, CHIEF, ECONOMIC AFFAIRS DIVISION,
CIVIL AFFAIRS AND CIVIL DEFENSE DIRECTORATE
COL JOHN D. SITTERSON, OFFICE, UNDER SECRETARY OF THE ARMY
EDWARD J. McLAUGHLIN, ECONOMIC AFFAIRS DIVISION, CIVIL
AFFAIRS AND CIVIL DEFENSE DIRECTORATE
JOSEPH S. HARBISON, PUBLIC AFFAIRS DIVISION, CIVIL AFFAIRS
AND CIVIL DEFENSE DIRECTORATE
WILLIS E. NOWELL, ECONOMIC AFFAIRS DIVISION, CIVIL AFFAIRS
AND CIVIL DEFENSE DIRECTORATE
WILLIAM J. SEEFELDT, JR., ECONOMIC AFFAIRS DIVISION, CIVIL
AFFAIRS AND CIVIL DEFENSE DIRECTORATE
STUART H. D. FREED, OFFICE, DIRECTOR OF ARMY BUDGET, OFFICE,
COMPTROLLER OF THE ARMY

Mr. PASSMAN. The committee will come to order. I must say very respectfully, when you appeared before the subcommittee earlier this year (see p. 1) for the regular appropriation for the Ryukyu Islands, I would have thought your request was more than sufficient, but here you are today requesting additional money.

The original budget request called for \$7,900,000, and in effect this is a supplemental, or may we say an amendment to the original budget, calling for an additional \$6,332,000, for a grand total of the original budget estimate and the amendment of \$14,232,000.

At this point in the record we shall insert the pertinent portions of House Documents 378 and 463 and page 7 of the justifications.
(The documents referred to follow.)

DEPARTMENT OF DEFENSE—CIVIL
DEPARTMENT OF THE ARMY

Budget appendix pages	Heading	Original estimate	Revised estimate	Increase
354-359	RYUKYU ISLANDS, ARMY Administration (Delete the paragraph under this heading and insert in lieu thereof the following): ADMINISTRATION For expenses, not otherwise provided for, neces- sary to meet the responsibilities and obligations of the United States in connection with the govern- ment of the Ryukyu Islands, as authorized by the Act of July 12, 1960 (74 Stat. 461); services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 554), of individuals not to exceed ten in number, not to exceed \$13,000; \$1,000 for contingencies for the High Commissioner, to be expended in his discretion; hire of passenger motor vehicles and aircraft; purchase of four passenger motor vehicles for replacement only; and con- struction, repair, and maintenance of buildings, utilities, facilities, and appliances; \$7,000,000 \$13,000,000, of which not to exceed \$1,722,000 \$1,500,000 shall be available for administrative and information expenses, and \$1,000,000 shall be avail- able for payment to the General Fund of the United States Civil Administration Ryukyu, for additional working capital for the Ryukyu Development Loan Corporation. <i>Provided</i> , That expenditures from this appropriation may be made outside contin- ental United States when necessary to carry out its purposes, without regard to sections 355 and 354, Revised Statutes, as amended, section 4740d of title 10, United States Code, civil service or classification laws, or provisions of law prohibiting payment of any person not a citizen of the United States. <i>Provided further</i> , That funds appropriated hereunder may be used, insofar as practicable, and under such rules and regulations as may be prescribed by the Secretary of the Army to pay weekly transportation charges from United States ports, including territorial ports, to ports in the Ryukyus for the movement of supplies donated to, or purchased by, United States voluntary non- profit relief agencies registered with and recom- mended by the Advisory Committee on Voluntary Foreign Aid or of relief packages consigned to individuals residing in such areas. <i>Provided</i> <i>further</i> , That the President may transfer to any other department or agency any function or functions provided for under this appropriation, and there shall be transferred to any such depart- ment or agency without reimbursement and with- out regard to the appropriation from which pro- cured, such property as the Director of the Bureau of the Budget shall determine to relate primarily to any function or functions so transferred.	\$7,000,000	\$13,000,000	\$6,000,000

This amendment to the budget is to provide for a higher level of economic aid beginning in 1963 in order to increase the rate of economic development of the Ryukyu Islands. At the time the annual estimates were prepared last Fall this matter was still under study. The study has now been completed and these additional funds are needed to implement its recommendations. Legislation is also being prepared to raise the present \$6 million ceiling on annual appropriations for economic aid.

DEPARTMENT OF DEFENSE—CIVIL
DEPARTMENT OF THE ARMY

Budget appendix pages	Heading	Original estimate, as amended	Revised estimate	Increase
354-359	RYUKYU ISLANDS, ARMY Administration (Delete the paragraph under the heading and insert in lieu thereof the following): ADMINISTRATION For expenses, not otherwise provided for, neces- sary to meet the responsibilities and obligations of the United States in connection with the govern- ment of the Ryukyu Islands, as authorized by the Act of July 12, 1960 (74 Stat. 461); services as au- thorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 554), of individuals not to exceed ten in number, not to exceed \$13,000; \$1,000 for contin- gencies for the High Commissioner, to be expended in his discretion; hire of passenger motor vehicles and aircraft; purchase of four passenger motor vehicles, of which four are for replacement only; and construction, repair, and maintenance of buildings, utilities, facilities, and appliances; \$7,000,000 \$13,000,000, of which not to exceed \$1,722,000 \$1,500,000 shall be available for administrative and information expenses, and \$1,000,000 shall be avail- able for payment to the General Fund of the United States Civil Administration Ryukyu, for additional working capital for the Ryukyu Development Loan Corporation. <i>Provided</i> , That expenditures from this appropriation may be made outside continental United States when necessary to carry out its pur- poses, without regard to sections 355 and 354, Re- vised Statutes, as amended, section 4740d of title 10, United States Code, civil service or classifica- tion laws, or provisions of law prohibiting pay- ment of any person not a citizen of the United States. <i>Provided further</i> , That funds appropriated hereunder may be used, insofar as practicable, and under such rules and regulations as may be pre- scribed by the Secretary of the Army to pay weekly transportation charges from United States ports, including territorial ports, to ports in the Ryukyus for the movement of supplies donated to, or pur- chased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid or of relief packages consigned to individ- uals residing in such areas. <i>Provided further</i> , That the President may transfer to any other depart- ment or agency any function or functions provided for under this appropriation, and there shall be transferred to any such department or agency with- out reimbursement and without regard to the appropriation from which procured, such property as the Director of the Bureau of the Budget shall determine to relate primarily to any function or functions so transferred.	\$13,000,000	\$14,500,000	\$1,500,000

On April 2, 1962, a budget amendment (H. Doc. No. 378) was transmitted to the Congress proposing an increase of \$6 million from the original budget estimate for this appropriation. The proposed increase herein is in addition to that amendment, and the above text should be substituted for that previously proposed.

This amendment to the budget provides for implementing the recommenda-
tions of the Task Force Ryukyus for an increasing rate of economic development
by increasing the operating staff of the Civil Administrator to carry out forward
planning and negotiations between the U.S. civil administration and the Govern-
ment of Japan, and by authorizing the purchase of additional staff vehicles.

JUSTIFICATIONS
DEPARTMENT OF THE ARMY, FISCAL YEAR 1963 (2nd AMENDMENT)—ADMINIS-
TRATION RYUKYU ISLANDS, ARMY

Comparative summary of obligations by projects

Project No.	Purpose of project	Original estimate, fiscal year 1963	Revised estimate, fiscal year 1963	Increase (+) or decrease (-)
8710	Administrative activities.....	\$1,940,000	\$2,282,000	+\$342,000
8711	Pay of civilian employees.....	1,562,000	1,720,000	+158,000
8712	Travel of civilian employees.....	80,000	151,000	+71,000
8713	Information materials and services.....	100,000	224,000	+124,000
8714	Incidental operating expenses.....	108,000	185,000	+77,000
8740	Aid to Ryukyuan economy.....	6,000,000	12,000,000	+6,000,000
8741	Reimbursement for Government services.....	945,000	945,000	—
8742	Contribution to Government projects.....	4,630,000	9,630,000	+5,000,000
8743	Transportation of commodities.....	5,000	5,000	—
8744	Disaster relief.....	1,000,000	1,000,000	—
8745	Technical education and training.....	295,000	295,000	—
8746	Technical cooperation.....	125,000	125,000	—
	Total appropriation or estimate.....	7,900,000	14,282,000	+6,382,000

Mr. PASSMAN. We have with us this morning the Honorable Stephen Ailes, Under Secretary of the Army; Col. John D. Sitterson, Office, Under Secretary of the Army; Mr. Edward O'Flaherty, Chief, Economic Affairs Division, Civil Affairs; Mr. Edward J. McLaughlin, Economic Affairs Division, Civil Affairs and Civil Defense Directorate; Mr. Joseph S. Harbison, Public Affairs Division, Civil Affairs and Civil Defense Directorate; Mr. Willis E. Nowell, Economic Affairs Division; Mr. William J. Seefeldt, Jr., Economic Affairs Division; Mr. Stuart H. D. Freest, Office, Director of the Army Budget; and I believe we have several other very distinguished gentlemen here this morning, beginning with General Gerhardt, Chief of the Legislative Liaison, and General Rosson. I also see Mr. Haugerud.

If you have a statement to read at this time, Mr. Secretary, we will be glad to hear from you.

STATEMENT OF UNDER SECRETARY OF ARMY

Mr. AILES. Mr. Chairman and gentlemen, I appreciate this opportunity to discuss with your committee the Department of Defense views on the importance of the Ryukyu Islands to the United States and the request for increasing economic assistance in the appropriation "Administration, Ryukyu Islands, Army," now under consideration.

The approval by the House of Representatives of H.R. 10937, which, if enacted into law, will increase to \$25 million the amount which may be appropriated in any fiscal year for this purpose indicates the exceptional degree of urgency which attaches to this initial request for increased assistance to Ryukyuan economic and social development.

Throughout the consideration of this amendment in the authorizing legislation, the dominant thrust has been the essentiality of maintaining the stability of our strategic base in these islands. The report (No. 1684) of the House Committee on Armed Services is an excellent unclassified compendium of the considerations involved in this important action.

You have dealt with this problem for some years, however, with concern and interest and a sense of great responsibility. I am informed that some members of this committee have visited Okinawa on one or more occasions because they recognize that this appropriation concerns not foreign assistance in the usual sense, but an extension of our defense frontier. This is the principal reason why we continue to retain the powers of the sovereign over the area.

The members of this committee are well aware of the strategic importance of the Ryukyus.

In the light of your comments earlier, I think it is desirable we get to the heart of this matter.

Mr. PASSMAN. What you are going to talk about is in your prepared statement?

Mr. AILES. So it is, and so I intend to add to it as we go along here. Mr. PASSMAN. We put it all on the record.

Mr. AILES. Everything that relates to specific items here is going to be in the record, or given in answer by one of our witnesses, but there are a couple of general comments that occurred to me as I looked over this material that I would like to interject, and I will make it clear that I am doing that when I come to that. They are thoughts that occurred to me as I looked over this material. We went back and reread General Caraway's testimony when he came over and testified before Mr. Philbin's subcommittee when the hearings were held on whether or not the so-called Price Act should be changed. There is a lot in that testimony in terms of questions and answers back and forth between the Members of Congress and General Caraway that I think would be extremely helpful on this whole subject.

Mr. PASSMAN. The Committee on Appropriations has a different procedure. Therefore, we have to get right down to earth and off the polished part of the pole and get into the meat of it.

Mr. AILES. I really commend that to your consideration.

Mr. PASSMAN. Why did he not come today?

Mr. AILES. General Caraway? Because he is over 12,000 miles away. He is the High Commissioner in Okinawa.

Mr. PASSMAN. We miss having him. We thought he would have been here.

You may proceed.

Mr. AILES. I would like to see him here. This happens to be a particularly difficult time for them.

Mr. PASSMAN. However, this is only the money committee.

Mr. AILES. We were lucky he was here the last time. I do commend that to you.

Mr. PASSMAN. I understand he has charge of all our forces out there?

Mr. AILES. Yes, the Army forces. He is also responsible for maintaining the security of the base.

Mr. PASSMAN. We recognize that it is an important duty and we mean that sincerely. You have plenty of people here who can testify to this amount which is small compared to that for the bases in Okinawa.

Mr. AILES. Our Okinawa base is an important factor in the U.S. defense system, as well as a supporting factor in the free world's effort against communism.

Our position with respect to the Ryukyus is contained in the President's budget for fiscal year 1963, which contains the following statement:

To protect the security of the United States and of the free world, the United States will continue responsibility for the administration of the Ryukyu Islands as long as conditions of threat and tension in the Far East require the maintenance of military bases in these islands.

With this in mind, visiting the Ryukyu Islands in July of last year, I observed the increasing concern on the part of our officials.

ECONOMIC STATUS OF RYUKYU ISLANDS

Mr. PASSMAN: Will you put in the record at this time the population of the island?

Mr. AILES: About 895,000.

Mr. PASSMAN: Then we are not facing a tremendous army that could push us off in the ocean?

Mr. AILES: This was due to portents that conditions were developing which could seriously impair our position there. There were evidences of growing dissatisfaction among the Ryukyuan people, indications that we might be unwarrantedly taking for granted that we will continue to enjoy that degree of voluntary cooperativeness which we have experienced there for the past several years.

As you know, the Ryukyans are poor, and their land, especially their arable land, is overcrowded. They are not economically self-sufficient and must depend on outside assistance. Naturally they look to us for help, because we are charged with their administration by peace treaty with Japan. This responsibility, as expressed in Executive Order 10713 of June 1957 and later in Public Law 86-629, is to make every effort—

to improve the welfare and well-being of the inhabitants of the Ryukyu Islands and to promote their economic and cultural advancement.

The Ryukyuan people look to us for help. At the same time they see the prosperity and well-being of the Japanese. They see the support and allotments made by the Government of Japan to its prefectures. These economic factors create dissatisfaction among the Ryukyans and stimulate revisionist sentiments.

POLITICAL CONSIDERATIONS

At this point, if I may, I would like to add, we have more than just an economic problem there. There are certain what you might refer to as political considerations that make that situation particularly difficult.

Those people are in a sense stateless. We do not hold out to them possible participation in the American community. They are not presently part of Japan. The arrangement that we went in but there was basically a military occupation. The assumption was the military need would be relatively short lived. We now face the prospect of being in control of these islands, or having a military necessity for being in control of these islands, for a substantial period of time.

Mr. FORM: Did I not just read recently a statement by President Kennedy to the effect we were making some change in the status

there, giving the Japanese some hope they might reestablish themselves there?

Mr. AILES: I do not think there has been any change in policy. We—

Mr. FORM: He did make some statement?

Mr. AILES: Yes, sir. It began with Secretary Dulles. We have been saying for some time that residual sovereignty in Okinawa and in the Ryukyus was in the Japanese, and we no longer talk, and have not talked in 10 years, about a possible U.N. trusteeship which the treaty with Japan required Japan to support. The treaty required Japan to go along with our conveying the islands to the U.N. under a trusteeship. This we got away from apparently some time back. The President in the statement he made when Prime Minister—

Mr. FORM: Put in record whatever the President said at this time. I do not recollect the specifics, but let's have for the record the President's statement.

Mr. PASSMAN: We will insert that in the record.

(The information follows.)

THE WHITE HOUSE, March 19, 1962.

STATEMENT BY THE PRESIDENT

I have today signed an amendment to Executive Order 10713 dated June 5, 1957, providing for the administration of the Ryukyu Islands. The amendment to the Executive order, as well as a number of other measures set forth below, are the result of recommendations of the interdepartmental task force appointed last year to investigate current conditions in the Ryukyu Islands and the U.S. policies and programs in force there.

The work of the task force underlines the importance the United States attaches to its military bases in the Ryukyu Islands. The armed strength deployed at these bases is of the greatest importance in maintaining our deterrent power in the face of threats to the peace in the Far East. Our bases in the Ryukyu Islands help us assure our allies in the great area from Japan through southeast Asia not only of our willingness but also of our ability to come to their assistance in case of need.

The report of the task force examines in detail the problem of reconciling the military imperative for continued U.S. administration with the desires of the Ryukyuan people to assert their identity as Japanese, to obtain the economic and social welfare benefits available in Japan, and to have a greater voice in the management of their own affairs. The report has also considered in the same context the desire of the Japanese people to maintain close contact with their countrymen in the Ryukyus.

I recognize the Ryukyus to be a part of the Japanese homeland and look forward to the day when the security interests of the free world will permit their restoration to full Japanese sovereignty. In the meantime we face a situation which must be met in a spirit of forbearance and mutual understanding by all concerned. I have directed that a number of specific actions be taken to give expression of this spirit by the United States, to discharge more effectively our responsibilities toward the people of the Ryukyus, and to minimize the stresses that will accompany the anticipated eventual restoration of the Ryukyu Islands to Japanese administration. These actions consist of:

1. Asking the Congress to amend the Price Act (Public Law 86-629) to remove the present \$6 million ceiling on assistance to the Ryukyu Islands.
2. Preparing for submission to the Congress plans for the support of new programs in the Ryukyus to raise the levels of compensation for Ryukyuan employees of the U.S. Forces and the Government of the Ryukyu Islands and the levels of public health, educational, and welfare services so that over a period of years they reach those obtaining in comparable areas in Japan.
3. Preparing proposals for the Congress to provide over future years a steady increase in loan funds available for the development of the Ryukyuan economy.

4. Entering into discussions with the Government of Japan with a view to working out precise arrangements to implement a cooperative relationship between the United States and Japan in providing assistance to promote the welfare and well-being of the inhabitants of the Ryukyu Islands and their economic development, as discussed between Prime Minister Ikeda and myself during his visit to Washington last year.

5. Carrying on a continuous review of governmental functions in the Ryukyu Islands to determine when and under what circumstances additional functions that need not be reserved to the United States as administering authority can be delegated to the government of the Ryukyu Islands.

6. Carrying on a continuous review of such controls as may be thought to limit unnecessarily the private freedoms of inhabitants of the Ryukyu Islands with a view to eliminating all controls which are not essential to the maintenance of the security of the United States military installations in the Ryukyus or of the islands themselves.

The amendments to Executive Order No. 10713 are designed to accomplish the following purposes:

1. Provide for nomination of the chief executive of the Government of the Ryukyu Islands by the legislature.
2. Restate the veto power of the High Commissioner to emphasize its restricted purposes.
3. Lengthen the term of the legislature from 2 to 3 years.
4. Permit the legislature to alter the number and boundaries of election districts.
5. Provide that the Civil Administrator shall be a civilian.
6. Make certain technical changes in the provisions for criminal jurisdiction over certain Americans in the Ryukyus.

Mr. AILES: I think what Mr. Ford refers to specifically is the President's statement on March 19 of this year when he said:

I recognize the Ryukyus to be a part of the Japanese homeland and look forward to the day when the security of the free world will permit their restoration to full Japanese sovereignty.

I suspect that is what you have reference to. This statement was made.

Mr. PASSMAN: I am interested in what Mr. Ford has said. I think I read a statement that may be a little broader than what you have read.

Mr. AILES: We have the President's whole statement here, which we will be delighted to put in the record at this time.

Mr. PASSMAN: How long is the statement?

Mr. AILES: About a page and a half.

Mr. PASSMAN: Please put it in the record.

Mr. AILES: As I read over this statement this morning, we are trying to explain what we are trying to do on the economic end of it and there is a problem that stems from this strange political position they have.

Mr. PASSMAN: I believe the committee is familiar with it. We have been there many times.

PURPOSE OF U.S. INTERESTS IN RYUKYU ISLANDS

Mr. AILES: I am sure you are more familiar with all of this than I.

Mr. PASSMAN: We do want your views.

Mr. AILES: If I may make one more statement here, one more point which to me is the really overriding consideration here, and that is the reason we are on the islands is a purely military one.

Mr. PASSMAN: I think these people have been one of the greatest recipients on the face of the earth of our generosity.

Mr. AILES: What I am trying to say is, in my judgment, there is far more than a matter of economic need involved here.

Mr. PASSMAN: That is a basic problem. It is at least one of the important factors.

Mr. AILES: That is part of it. You do have an unusual political situation here. This base can only be maintained with a reasonable acquiescence of the people of the Ryukyus, and it is against that backdrop this whole question has to be resolved.

Mr. PASSMAN: I think we have to have their concurrence and respect. I would not want the record to show they are about to push us out.

I want to say those people have been the recipients of an abundance of our aid and consideration. Take the electric co-ops. I do not think we have anything to match them in the United States. Those are the most fortunate people that ever occupied the islands.

Mr. AILES: I do not presume to have the same background of information that you do, or the other members of the committee, but I would just like to lay out my proposition.

Mr. PASSMAN: Surely.

Mr. AILES: That is fundamental to it.

(Off the record.)

RECOMMENDATIONS OF TASK FORCE

As a result of the High Commissioner's concern, an interdepartmental task force was established on August 11, 1961, to investigate the extent to which economic and social conditions contribute to the dissatisfaction of the Ryukyuans, and to determine measures to improve these conditions.

The area of principal concern of the High Commissioner and of major study by the task force is the economic well-being of the people of the Ryukyu Islands.

In my judgment, this is one hand to the problem. When one sees their major problems of shortage of land, low income, inadequate educational facilities, disease, and others continuing, as well as the continued presence of U.S. forces and facilities, it is not surprising that the Ryukyuans have doubts and dissatisfactions.

It is true that their income has increased over a period of years, but when they see their many remaining problems, it is understandable that they have a sincere desire to better their position. They are aware that the Government of Japan contributes to the cost of schooling, public welfare, and government activities in its prefectures. The sound course for the United States, as well as its obligation according to the Price Act, is to assure the economic well-being of the Ryukyus.

At this point, I would like to make another point, if I may.

Mr. PASSMAN: Certainly.

Mr. AILES: I was a member of this task force, at least from the Washington end. A working group went out there, and I spent some time with Mr. Kaysen from the White House staff and the men from the State Department and from the Department of Labor and from the AID Agency who worked on this question.

Mr. PASSMAN. Is AID involved in this?

Mr. AILES. No.

Mr. PASSMAN. What were they doing out there?

Mr. AILES. John Ohly came and discussed some of the basic problems with us when this was under consideration.

Mr. PASSMAN. He is head of one phase of the aid program, is he not?

Mr. AILES. Yes, sir.

Mr. PASSMAN. Was he out in Okinawa?

Mr. AILES. As I said before, this task force had a group that worked here in Washington, of which I was one. This task force was organized, or appointed, last August.

Mr. PASSMAN. Were you out in the Ryukyus?

Mr. AILES. Earlier. I have been in Korea and out in Saigon and I came back home through the Ryukyus in July last year.

Mr. PASSMAN. How long did you stay there?

Mr. AILES. I was there about 48 hours. I might add, it rained harder than I ever saw.

Mr. PASSMAN. It kept you inside most of the time?

Mr. AILES. I saw nothing but a downpour the whole time I was there.

I did get an opportunity to talk about 12 hours with General Caraway about his situation and what he was doing there.

THREE-POINT PROGRAM

The point I want to make is this, because I think this is really significant in connection with the question that is before the committee: The essential idea that the task force came up with was that we would be able to buy more time, the time we need, if we had a three-way program. A three-way program had three basic aspects to it.

One was, we would be able to demonstrate continuing economic improvement in the Ryukyus.

The second was, there would be some increase in political dignity which would be achieved by increasing the autonomy of the government of the Ryukyu Islands.

And the third was, official Japanese cooperation with the American administration of the islands.

As I say, this is a three-legged stool; let's put it that way. The basic idea was that there were three parts to it, and the three parts were essential and independent.

Mr. PASSMAN. If these programs do not become a little sounder, we are going to wind up with a two-legged stool; which is going to fall over.

Mr. AILES. We are in full agreement.

My point is, the economic aid discussed here is the third leg of a three-legged stool, and without it the rest of the program is liable to fall over.

Mr. PASSMAN. Surely.

Mr. AILES. All right.

ADDITIONAL FUNDS REQUIRED TO MEET RECOMMENDATIONS

In consonance with the recommendations of the task force approved by the President, we are requesting this committee, which bears such a major degree of responsibility and authority, to approve and to recommend to the Congress substantially increased economic support programs for the Ryukyus beginning with this appropriation for fiscal year 1963. We present these to put our military position on a more stable basis and to promote the welfare and well-being of the inhabitants of the Ryukyus.

I would like to make another interpolation here.

This again occurred to me this morning as I looked over the statement. Let me correct my statement.

I have been operating under the assumption I was going to testify before this committee every day for a week, so I have been prepared over and over again.

Mr. PASSMAN. I might say to the Secretary, we are considering an aid bill that is in 101 of the world's 113 nations and practically every British territory and possession on the face of the earth. We have been holding hearings since March. You can just imagine what a strain the committee has been under trying to consider such requests.

COMPARISON OF ECONOMIC RECOVERY

Mr. AILES. Now, I am still on my interpolation.

I wholeheartedly agree with the prescription, we have to have a three-way attack on the problem in Okinawa. I think it is clear regardless of how conditions compare with what they were before we got there, or even with last year, or the year before, it is still clear some economic improvement is possible, a great deal is.

Mr. PASSMAN. I believe that is true in all 50 States of the Union.

Mr. AILES. There is no question about that.

Mr. PASSMAN. I think a lot of people in the Ryukyus are getting along a lot better than some people are in the States.

Mr. AILES. The point I am trying to make is, I do not conceive of this as a welfare program. The State I come from, which is West Virginia, may need it more. I fully agree with that.

Mr. PASSMAN. Some States greatly need it. But the trend seems to be to take care of people elsewhere, and take care of ourselves later.

Mr. AILES. My point is, economic improvement, I say, is possible there. The conditions are certainly not such they cannot be improved upon.

Mr. PASSMAN. I agree with the Secretary, but we have gone so far to help that it is becoming more difficult to find places to improve their economy.

Mr. AILES. Sure.

My point is, it is clearly possible that some economic improvement will reduce the basis for the unit comparison which is now before everybody over there, between the conditions in the Ryukyus and those with Japan.

General Caraway—

Mr. PASSMAN. You mentioned that several times. Are those people playing both ends against the middle?

Do they always look to some other place on the face of the earth a little bit more prosperous? In this instance, Japan? They want you to do more so they will come nearer in keeping with the conditions in Japan.

Is that what you are confronted with?

Mr. AILES. I can agree with the last part.

As I understand the situation, of course, before the last war the Ryukyans were a part of Japan. They were a Japanese prefecture, as you know.

Mr. PASSMAN. Yes, sir.

Mr. AILES. Japan has had a fantastic recovery.

Mr. PASSMAN. To one extent on account of at least \$3,574,600,000 worth of different types of U.S. aid.

Mr. AILES. Whatever the situation, they have had a fantastic recovery. They have had a high level of business activity. They have a low rate of unemployment. The Japanese Central Government does quite a bit. It is the main taxing authority, and there are considerable benefits that percolate down by way of teachers' salaries, retirement programs, and items like that.

It is possible for the Ryukyans to make certain direct comparisons between conditions in the Ryukyus and conditions in Japan, say on the matter of teachers' salaries, or retirement programs. Then they look to see what the poor prefectures get in the way of grants from the Central Government, and they make this comparison. They compare that figure with what is given by the United States in the way of economic aid and say, after all, if we were part of Japan we would be getting this. I do not for a minute say—

Mr. PASSMAN. That is what you would call diplomatic blackmail.

Mr. AILES. Put it this way: This is not like hunting around to find someone else with whom they can make a comparison. The comparison is somewhat logical and obvious. I do think this. There is a limit as to how accurate such a comparison can be. I feel sure many of the standards of comparison that are used by some of the politicians in Okinawa are grossly inflated, that if you take into consideration the fallout that comes from the presence of the American base there, which creates some major advantages for the Ryukyuan economy, if we were to leave altogether the chances they would be better off would be slight or nil.

Mr. PASSMAN. They have learned to like the taste of caviar, pink champagne and fillets and do not want to go back to hamburgers; is that the way it is?

Mr. AILES. I think that is a slightly exaggerated statement.

Mr. PASSMAN. Where are we in your statement?

Mr. AILES. I am trying to finish up this interpolation.

The important thing to me is, in relation to the three-point program, that some economic improvement be shown.

(Off the record.)

And as a result, if the people who are charged with the responsibility of handling this thing on a day-to-day basis say that we believe that if we can progress at this level—

(Off the record.)

Mr. AILES. I think that is an important consideration.

POSSIBLE DISSATISFACTION AS A RESULT OF ASSISTANCE

Mr. PASSMAN. This is a very small request, but we do have substantial aid programs going on in practically every nation in that part of the world.

Now, if we build the economy of the people of the Ryukyus to where it is higher than Vietnam, or possibly Cambodia, Laos, they will get dissatisfied and want us to build our aid program up to where it is as good as it is in the Ryukyus.

Are we reaching that point where we are going to be competing with islands and nations and one gets jealous because the other is a little better off?

Mr. AILES. I certainly hope not.

Mr. PASSMAN. I certainly hope not too. Things like that can happen and do happen.

Mr. AILES. I would like to point out our situation in Okinawa is vastly different than the situation we have in South Vietnam, and General Rosson here is a real expert on that. He could tell you more about what kind of fighting is going on.

Mr. PASSMAN. I named a lot of countries out there.

Mr. AILES. All the others are different from Okinawa, that is the point I want to make. Here we are the sovereign in complete administrative control.

(Off the record.)

MILITARY OPERATIONS IN RYUKYUS

Mr. AILES. The committee should review General Caraway's list of the exact operations that we have going on in the Ryukyus today.

Mr. PASSMAN. We are very interested in what goes on over there, Mr. Secretary.

Mr. AILES. I understand it. That is why the Ryukyus and South Vietnam and Cambodia are in a vastly different situation.

Mr. PASSMAN. If you do for people what they should do for themselves, you make it too easy. Initiative disappears. They become more dependent, do they not?

Mr. AILES. I would agree with that completely.

Mr. PASSMAN. Have you finished interpolating?

INCREASED REQUEST FOR FISCAL YEAR 1963

Mr. AILES. Yes; I have. I am on page 4 on the paragraph that begins:

To this end, the task force considers as most compelling substantial increases in the capital of the two important public lending institutions, the Ryukyu Development Loan Corp., and the Central Bank for Cooperatives. Assuming continued support of the Ryukyuan Government capital investment program to develop a healthy economic climate, the private sector of the economy can make an impressive contribution to Ryukyuan economic growth. In this context it is proposed that the United States make a capital contribution in the amount of \$3 million to the Ryukyu Development Loan Corp. and a \$1 million capital contribution to the Central Bank for Cooperatives in fiscal year 1963, as the first increment in a 5-year program strengthening

these institutions which are essential for sound and meaningful economic development.

Further, in harmony with the task force recommendations approved by the President, it is requested that the Congress appropriate the following additional amounts.

Mr. PASSMAN: Would that be in addition to the \$6 million?

Mr. AILES: A presentation was made for \$6 million. We are asking for an additional \$6 million, which makes a total \$12 million for fiscal year 1963.

Mr. PASSMAN: I understand. Really you are asking for \$14.282 million total, are you not?

Mr. AILES: Yes, sir; counting the administration.

PROJECTS TO BE FUNDED FROM INCREASED FUNDS

1. For economic assistance projects on which the High Commissioner has placed high priority but which could not be included under the \$6 million Price Act limitation, \$1 million.

This would provide for the following urgently needed projects:

(a) Educational facilities, \$225,000. This amount is programed for vocational and educational equipment for the University of the Ryukyus.

(b) Medical facilities, \$575,000. This is required to accomplish construction of a vitally needed hospital at Koza.

(c) Urban development, \$125,000. Construction of municipal housing, urgently needed, will be partially financed by this contribution.

(d) Southern district water system, \$75,000. The purpose of this last item is to furnish potable water to that area of southern Okinawa not served by the integrated water system operated by the Ryukyu Domestic Water Corp.

2. To meet urgent emergency requirements arising from typhoons and other disasters, \$1 million. The Ryukyans are in a typhoon corridor and suffer a great damage from them every year. Typhoons cannot be programed and there never have been funds available to repair typhoon damage at the time the need is most urgent. This is essential and these funds are requested on a no-year basis to be available to the High Commissioner until expended.

These recommendations amount to \$6 million which, although more conservative than the increases which the task force endorses, are submitted as the minimum initial increment essential in fiscal year 1963 in order to move positively toward solidifying our position in the Ryukyus.

Related to these requests is a requirement for a relatively modest increase in overhead costs of the civil administration. The High Commissioner attributes a share of our deficiencies in dealing with the Okinawa situation not only to inadequacies of staff support and technical assistance, with essential supporting facilities, but also the imperative need to do a more effective job of informing the Ryukyuan people of the whys and wherefores of our presence there.

EFFECT OF JAPANESE AID ON WORKLOAD

The introduction of significantly increased Japanese assistance projects which must be coordinated with and approved by the High Commissioner in the planning, programing and implementation phases has already placed onerous demands on his staff which will increase markedly as the program advances. The task force accepted this as axiomatic and advanced a tentative estimate of \$1 million as the additional amount which might be needed to accomplish the job.

For fiscal year 1963 the High Commissioner estimates that he can do it with an increase, over the amount previously requested, of \$382,000. The breakdown of requirements is \$158,000, pay of civilian personnel; \$71,000 for travel of civilian personnel; \$126,000, information materials and services; and \$27,000 incidental operating expenses.

These, then, are the additional measures which we recommend at this time. Further measures to carry out the recommendations of the task force will involve negotiations with Japan in regard to Japanese aid contributions and with the indigenous government of the Ryukyus in regard to their own actions to do their part. It is only fair to point out that we expect that other additional measures may be recommended in the future, probably next year.

INCREASED U.S. ECONOMIC ASSISTANCE PROJECTED

In summary, we are convinced that our interests and responsibilities in the Ryukyus call for an increase in U.S. economic assistance. The amounts needed, while greater than provided in recent years, are still small in comparison to what we have at stake.

(Off the record.)

Mr. PASSMAN: It has been said, and I assume it is factual, that if you should confiscate all the wealth in America, you would still not have sufficient funds to do all the things labeled "desirable."

Mr. AILES: I am sure that is true.

This is a matter of priorities again. The military puts the highest priority, as you know better than I, on the maintenance of this base in the Ryukyus.

Mr. PASSMAN: You could do a lot out there for what we have spent.

Mr. AILES: This is a special and unique case; the military need is compelling. Increased aid for the Ryukyus and for economic development there is in our own interest, essential if we are to assure the continued usability of our Okinawa base.

I believe that the steps which we propose are the right way to go about it.

In closing, therefore, I urge that you give favorable consideration to the budget amendments which have been submitted.

That concludes my prepared statement. Undoubtedly you will have some questions. I have with me Department of the Army personnel who are prepared to provide the detailed data you may desire.

Mr. PASSMAN: Thank you very much.

You may rest assured this committee will give consideration to your request, taking into account the earlier testimony for the first budget request.

INITIAL 1963 BUDGET REQUEST

Earlier this year, when you appeared before this committee, I think with a higher program than you have had in previous years, we thought you had requested more than ample funds at that time. However, I think it was indicated that at a subsequent date there would be a supplemental request.

Mr. AILES. Yes, sir.

Mr. PASSMAN. Who is going to do the testifying for this money?

Mr. AILES. Sir, we have the experts here.

Mr. PASSMAN. Who are the experts?

Mr. AILES. Five people are acquainted with different aspects of this thing. Here is a witness list that was prepared for me. It shows the areas of responsibility of the men who are here. I thought it might be helpful to you. You can go directly to the man you want.

PEACE CORPS

Mr. PASSMAN. Do you have a Peace Corps plan for the islands?

Mr. HAUGERUD. No, sir.

Mr. PASSMAN. Has a Peace Corps representative been out there trying to work out a plan?

Mr. HAUGERUD. It was decided they would not be used out there.

Mr. AILES. That was discussed when I first came with the Army. That must have been in March of 1961, something like that, and we have had discussions on that subject since then.

Mr. HAUGERUD. We have had word that the Peace Corps is no longer considering Okinawa.

Mr. PASSMAN. We understand they did send a representative out there last year?

Mr. HAUGERUD. I think their Far Eastern representatives did stop there.

LONG-RANGE ECONOMIC PROGRAM

Mr. PASSMAN. This increased program for the Ryukyus actually originated in the mind of the former Ambassador to Japan, Douglas MacArthur, did it not?

Mr. AILES. Not this program. I do not know what position he had.

Mr. PASSMAN. I can tell you his position. We were out there and discussed it with him at length. He said they wanted to start a long-range economic program for the Ryukyus Islands. We discussed it at length. We pointed out to him some of the improvements that had been made and the tremendous increase in the standard of living and all other facilities.

We felt that we had sort of arrested that idea and came back home somewhat encouraged that we would not do there what we have done in a lot of other places, and that is, spoil the people.

Mr. AILES. May I say something with respect to that? I can give you the genesis of this specific program if you would like to have it.

Mr. PASSMAN. You mean the increased program over what we have been carrying on previously for years?

Mr. AILES. Yes.

What actually happened was last summer—first of all, the Under Secretary of State went through—I am not sure whether he went before me or afterward, but both of us, Mr. Ball and I, were in Okinawa within a matter of a couple of weeks. Both of us talked with General Caraway at great length about the situation that existed there.

Mr. PASSMAN. How long has General Caraway been there?

Mr. AILES. About a year and a half.

Mr. PASSMAN. I met his predecessor and he did not indicate anything like this was in the making.

Mr. AILES. When I was there and talked with General Caraway at great length, he was genuinely disturbed about the situation that was brewing and developing in his judgment in Okinawa and that was the opinion of most of his people. It was agreed back here that a task force should be organized to take a hard look at this situation.

Mr. PASSMAN. How long had he been there before he got this idea?

Mr. AILES. Let me make clear his idea at that time. His idea was that we really have to take a hard look at a whole lot of things here. The economic aid aspect of the thing came out of the report of the task force which was organized in August.

MEMBERS OF TASK FORCE

Mr. PASSMAN. Give us a list of the task force members.

Mr. AILES. Yes, sir; I can do it from memory.

Sir, I do not know whether this document is a part of the record. Why not let me read the names of the five people?

Mr. PASSMAN. Go ahead.

Mr. AILES. The Chairman of the task force is Mr. Carl Kaysen.

Mr. PASSMAN. Where is he from?

Mr. AILES. He is from the White House. He is deputy special assistant to the President for national security affairs.

Mr. PASSMAN. What is his background?

Mr. AILES. He is from the Harvard College faculty. Professor of economics.

Next is Mr. John Steeves who is a career State Department man. He had been the political adviser in Okinawa some 6 or 7 years before.

Colonel SUTTERSON. At the time of the task force, he was the Deputy Assistant Secretary of State for Far Eastern Affairs.

Mr. AILES. At the present time he is Ambassador to Afghanistan. He was succeeded by Edward Rice who is his successor in the State Department.

Mr. PASSMAN. Who is next?

Mr. AILES. Mr. Steeves was succeeded on the task force by Mr. Rice.

Mr. PASSMAN. Has he had banking experience?

Mr. AILES. No, sir. He is a State Department man. He succeeded Mr. Steeves in his job in the State Department. He took his place on the task force.

Mr. PASSMAN. He is also a career employee?

Mr. AILES. Yes, sir.

Next was myself, representing the Department of Defense.

Mr. PASSMAN. I think you have given your background.

Mr. AILES. I am a lawyer.

Mr. PASSMAN. Next?

Mr. AILES. The next was John Ohly, whom I mentioned, from the AID agency.

Mr. PASSMAN. What is his background?

Mr. AILES. I am quite sure he is a lawyer.

When I first knew him he was a lawyer. I do not know how long he was in Washington but I knew him in Washington during World War II and so far as I know he went back to New York and then came back here.

Mr. PASSMAN. Next?

Mr. AILES. The next one is George Weaver, from the Department of Labor.

Mr. PASSMAN. What is his background?

Mr. AILES. I really do not know, sir. I think he is a career employee in the Department of Labor.

Then we had a working group headed up by—

Mr. PASSMAN. This is the task force?

Mr. AILES. Yes, sir.

Mr. PASSMAN. They are historically known as the spenders, the people who find ways to spend money.

Mr. AILES. This was the task force that remained here, except Mr. Kaysen.

Mr. PASSMAN. You gave us the names of the task force that went out?

Mr. AILES. No, sir; these were the senior men on the task force. We had a working group who went out to Okinawa and prepared reports and came back and reported to this group.

Mr. PASSMAN. The senior task force stayed in Washington?

Mr. AILES. Yes, sir; except Mr. Kaysen, who went out with the working group.

Mr. PASSMAN. The other members of the task force remained in Washington and then you had a working force that went out. Who are they?

Mr. AILES. Except that Mr. Kaysen went out with the task force.

Mr. PASSMAN. Mr. Kaysen, the Harvard Professor, went out with the task force?

Mr. AILES. Yes, sir.

Mr. PASSMAN. Who are the working members?

Mr. AILES. John Kaufmann.

Mr. PASSMAN. Who is he?

Mr. AILES. This is a man I recommended for this group.

Mr. PASSMAN. What is his background?

Mr. AILES. He is an economist. He worked for me when I was practicing law in connection with some litigation. He had been 2 years working for the Ford Foundation in Iran.

Mr. PASSMAN. Please give us the others.

Mr. AILES. As I say, I am partially responsible for this man Kaufmann being on this task force.

Mr. PASSMAN. Is he the economist?

Mr. AILES. He is the economist that had been in Iran for several years and previously with an economic consulting firm here in Washington.

Mr. PASSMAN. Did that firm have any AID contracts?

Mr. AILES. The economic consulting firm would not. The organization he was working for in Iran was the Ford Foundation which had a management team out there helping them try to set up and improve the nature of operation of that government.

Mr. PASSMAN. Do you have any others?

Mr. AILES. Yes, sir.

Mr. RHODES. He did a great job.

Mr. PASSMAN. Yes; apparently he succeeded in helping them maintain a no-budget atmosphere out there. We had budgetary support but there was no budget to put the budgetary support into, so it was butted over in all directions.

Mr. RHODES. Nobody worries about the money. Do you have any others?

Mr. AILES. I guess we are not supposed to debate that particular point.

Mr. PASSMAN. I am not going to debate it. We are giving you the facts that Iran is one of the worst-fouled-up situations on the face of the earth, so far as their budget is concerned.

We are not blaming him. No doubt this thing started before he went out.

Mr. AILES. It has been fairly bad for some time.

Then we have Mr. Henry Brodie and Mr. —

Mr. PASSMAN. Who is Mr. Brodie?

Mr. AILES. From the State Department.

Colonel SITTERSON. He was a policy planning man in the State Department.

Mr. AILES. Then we have Mr. Swayne, who is a desk officer.

Colonel SITTERSON. For Japan and Okinawa.

Mr. PASSMAN. All those are career employees?

Mr. AILES. Yes, sir.

Then we have three Army officers: Brig. Gen. Benjamin F. Evans; then we have Col. Edward Allen, and a very capable young colonel named John D. Sitterson.

Mr. PASSMAN. Next?

Mr. AILES. Then we had Mr. Albert Wilson from the AID Agency.

Mr. PASSMAN. Who is he?

Mr. AILES. John, do you know what his background is?

Colonel SITTERSON. He was on loan to AID at the time. He had a good bit of experience in the Philippines. I do not know precisely in what capacity but he worked for the Government on special projects off and on and also was an educator in a university.

Mr. PASSMAN. These men comprised the intergovernmental task force?

Mr. AILES. Yes, sir.

Mr. PASSMAN. You do not have a banker or businessman in the entire group, do you?

Mr. AILES. The last man was James Hoover from the Department of Labor.

Colonel SITTERSON. He is a professional career man in the Department of Labor.

Mr. PASSMAN. All of them are governmental people.

Mr. AILES. Yes, sir.

Mr. PASSMAN. No bankers or hard-boiled businessmen?

Colonel SITTERSON. We have some hard-boiled Army officers.

Mr. PASSMAN. I have nothing but praise for the military. You fellows learn how to fight and you do a terrific job, but I suspect, along the way, in a lot of the procurement divisions where they need 3 items, they order 12. I have never known anybody in any branch of the military to buy short. At least you are entitled to praise there.

U.S. ASSISTANCE TO JAPAN

Is it not true we have had a very substantial aid program in Japan? I think this is pertinent to the matter we are considering. Have all facets not amounted to \$3,574,600,000 through 1961?

Mr. AILES. Sir, I cannot answer that.

Mr. PASSMAN. I rest on those figures as being accurate.

IMPORTANCE OF RYUKYUS TO SECURITY OF JAPAN

Our presence in that part of the world is important to the security of Japan as well as to our own country; is that true?

Mr. AILES. Yes, sir.

Mr. PASSMAN. It would naturally follow that a nation of 90 million would want to cooperate in keeping 800,000 citizens on the Ryukyu Islands happy, rather than to create discontent, would it not?

Mr. AILES. I think it should, yes, if I understand you correctly.

Mr. PASSMAN. That is what I think. We have helped Japan with billions of dollars, and if it is to their security interest as well as ours, it would naturally follow that this nation would want to cooperate in keeping these people satisfied rather than dissatisfied?

Mr. AILES. Yes, sir; I agree with that. That certainly is the position of the Japanese Government.

IMPROVEMENT IN ECONOMIC CONDITIONS IN RYUKYU

Mr. PASSMAN. I think the record might show that someone out there may have gotten taken in. For example, do they not have better housing there than they have ever had since the inception of this program?

Mr. AILES. There is no question about the fact that over the last 15 years there has been a steady improvement in conditions in Okinawa.

Mr. PASSMAN. That is what I am trying to establish. They have better housing?

Mr. AILES. That is right.

Mr. PASSMAN. They have a better standard of living?

Mr. AILES. There is no question.

Mr. PASSMAN. A few years ago when this committee went out, they had some old barracks they were holding their court sessions in. Are there any of you here today who remember those days?

Mr. O'FLAHERTY. Yes, sir.

Mr. PASSMAN. They had an old wooden shack. Now they have a beautiful new air-conditioned, typhoonproof building that we built for them.

Mr. O'FLAHERTY. A courthouse.

Mr. PASSMAN. It is really a beautiful layout, as we think of it.

Mr. O'FLAHERTY. I have not seen it.

Mr. PASSMAN. You do not disagree with my description of it?

Mr. O'FLAHERTY. It is an adequate building, certainly.

Mr. PASSMAN. As to the legislature, where are they meeting today?

Mr. O'FLAHERTY. In the legislative building.

Mr. PASSMAN. They, too, have nice new quarters, do they not, furnished by the U.S. taxpayers?

Mr. O'FLAHERTY. Yes, sir.

Mr. PASSMAN. That is what I thought.

EDUCATIONAL FACILITIES

So far as educational facilities on the islands are concerned, they have gone from little huts and benches until today you have many modern educational buildings on the islands; do you not?

Mr. HARRISON. Yes, sir; 463 schools.

Mr. PASSMAN. That we have built on the islands?

Mr. HARRISON. Yes, sir; we and the Ryukyuan Government. At the end of the war, over 95 percent of the schools had been totally destroyed.

Mr. PASSMAN. This is a remarkable record. Will you repeat that number of schools?

Mr. HARRISON. There are 463 schools. There is still a shortage.

Mr. PASSMAN. Yes; and in all 50 States there is a shortage, so it seems to run kind of true all around the world.

Mr. RHODES. Mr. Chairman, may I ask a question?

Mr. PASSMAN. Yes.

Mr. RHODES. Will you tell me what the average number of pupils is per classroom?

Mr. HARRISON. Today it runs close to 40. It averages around 40.

Mr. RHODES. That would be the number of pupils per teacher also?

Mr. HARRISON. That is right.

NUMBER OF ISLANDS IN RYUKYU GROUP

Mr. PASSMAN. How many islands are there in this chain, Mr. Secretary?

Mr. AILES. Some incredible number. What is it?

Colonel SITTERSON. It depends on what you count as an island.

Mr. PASSMAN. Where there are people living.

Mr. AILES. They range from rocks. I do not know the figure as to how many live on the island of Okinawa.

Colonel SITTERSON. May I give you help on this?

Mr. PASSMAN. Yes.

Colonel SITTERSON. In the Ryukyus under U.S. control, excluding the Amamis returned to Japan in 1953, there are about 64 islands that are significant enough to be counted. Forty-eight of them are inhabited.

Mr. PASSMAN. Let us talk about the ones inhabited.

Colonel SITTERSON. Forty-eight.

Mr. PASSMAN. Are we helping the people on all 48 islands?

Colonel SITTERSON. To some extent, although—

Mr. PASSMAN. You have 800,000 people scattered on the islands?
Colonel SITTERSON. About 890,000.
Mr. PASSMAN. On 48 islands?
Colonel SITTERSON. Right. Over 75 percent of them are on Okinawa proper.
Mr. PASSMAN. How many school buildings are on Okinawa?
Mr. HARRISON. I would not be able to tell you exactly but in the neighborhood of 400 on Okinawa.

INCREASED BUDGET REQUEST RESULT OF TASK FORCE STUDY

Mr. PASSMAN. I think we have already had stated for the record that the estimate of \$6,382,000 we are considering today is a result of an interdepartmental task force established in August 1961; is that correct?
Mr. AILES. Yes, sir.
Mr. Chairman, would you say that again? I am afraid I missed the first part of that.
Mr. PASSMAN. The present estimate of \$6,382,000 is the result of an interdepartmental task force established in August 1961?
Colonel SITTERSON. A result of it; yes, sir.
Mr. PASSMAN. The Ryukyuans are at this time enjoying the highest standard of living they have ever enjoyed so far as we know; is that correct?
Mr. AILES. I am sure that is so.

PER CAPITA INCOME

Mr. RHODES. Mr. Chairman, what is their per capita income?
Mr. O'FLAHERTY. May I answer that?
Mr. AILES. Yes.
Mr. O'FLAHERTY. It is \$239.50.
Mr. RHODES. How does that compare with their per capita income before the war?
Mr. O'FLAHERTY. Prewar, \$119.
Mr. RHODES. Are those in constant dollars?
Mr. O'FLAHERTY. At 1953 prices.
Mr. RHODES. Both figures according to 1953 prices?
Mr. O'FLAHERTY. The second figure is not adjusted.
Mr. RHODES. Would it be possible to submit for the record a figure based on 1953 dollars for the present per capita income?
Mr. O'FLAHERTY. Yes, sir.
(The information follows.)
Fiscal year 1961 Ryukyuan national income, per capita in 1953 dollars, \$247.
Mr. PASSMAN. In establishing the per capita income, are the many facilities we have discussed a factor?
Mr. O'FLAHERTY. In establishing the per capita income?
Mr. PASSMAN. Yes.
Mr. O'FLAHERTY. To the extent these will enter in the—
Mr. PASSMAN. The wealth of the islands is measured in other terms rather than just per capita income of the individual; is that correct?
Mr. O'FLAHERTY. That is true, social indicators—

Mr. PASSMAN. Is not the system of establishing the gross national product or the per capita income a little different than in this country because on many of the islands there are things that usually are not measured in that total?
Mr. O'FLAHERTY. I would say it is pretty much a monetized economy in the Ryukus today.
Mr. PASSMAN. Are they using U.S. dollars for currency?
Mr. O'FLAHERTY. Yes, they are.

WORKING FORCE

Mr. PASSMAN. How many of the 890,000 Ryukyuans would be in what we would refer to in America as a working force or would be eligible to work if they had positions?
Mr. O'FLAHERTY. 400,000.
Mr. PASSMAN. 400,000?
Mr. O'FLAHERTY. Yes, sir.
Mr. PASSMAN. That is almost 50 percent. Is that not a rather high percentage?
Mr. O'FLAHERTY. It is. Those who are 14 years of age and over, and able, are considered to constitute the gross labor force.
Mr. PASSMAN. How many are unemployed?
Mr. O'FLAHERTY. Approximately 4 percent unemployed.
Mr. PASSMAN. Are 96 percent of them employed?
Mr. O'FLAHERTY. That is correct.
Mr. PASSMAN. How does that compare with other countries in that section of the world?
Mr. O'FLAHERTY. In Japan, out of a labor force of 47 million, 400,000 are unemployed.
Mr. AILES. Only 1 percent.
Mr. O'FLAHERTY. Something like that; about eight-tenths of 1 percent.
Mr. PASSMAN. What would be the percentage in our country?
Mr. O'FLAHERTY. Today?
Mr. PASSMAN. Yes.
Mr. O'FLAHERTY. I believe it is in the range of 5 percent.
Mr. PASSMAN. So you have a higher percentage of eligibles on the islands employed than we actually do in our own country?
Mr. O'FLAHERTY. Yes, sir.
Mr. PASSMAN. It is even more favorable to them when you take into account you are picking them up at age 14; are you not?
Mr. O'FLAHERTY. That is correct.
I think it should be pointed out, Mr. Chairman, that a number of these people are only partially employed.
Mr. PASSMAN. That is also true in the system we use in America. We pick them up if they are partially employed, do we not?
Mr. O'FLAHERTY. I think we do.
Mr. PASSMAN. I have established that these people are doing very well. We thought you had actually requested too much money earlier in the year and now you come in with this additional request we have to consider.

INCOME FROM MILITARY ESTABLISHMENTS

What is the income of the islands as a result of our military operations?

Mr. O'FLAHERTY. May I speak to that?

Mr. AILES. Please do.

Mr. O'FLAHERTY. It is estimated that of the total amount expended for the maintenance of our military establishment on the islands approximately \$90 million enters into the Ryukyuan balance of payments. However, because of the—

Mr. PASSMAN. I believe that is about 23/4 times the amount that enters into the budgets of the 14 parishes in the State of Louisiana that I have the honor to represent.

Mr. O'FLAHERTY. This enters into the Ryukyuan balance of payments which does not mean it remains entirely in the Ryukyus.

BALANCE-OF-PAYMENTS PROBLEM

Mr. PASSMAN. Do they have a balance-of-payments credit or deficit?

Mr. O'FLAHERTY. They have a deficit, a very significant deficit which is compensated for only, in large measure, by gratuities from the United States and Japan.

Mr. AILES. I am sorry. I did not hear.

Mr. O'FLAHERTY. Gratuities from the United States and Japan.

Of the amount considered to enter into the Ryukyuan balance of payments, studies made by the High Commissioner's staff indicate that approximately 75 percent is expended abroad to provide the goods and services in demand in the Ryukyus.

Mr. PASSMAN. I think that would certainly follow.

Mr. O'FLAHERTY. Which would mean that something like \$22 million would remain in the economy. However, we consider that that figure is subject to some study and perhaps modification.

Mr. PASSMAN. Briefly stated, of the \$90,000 people on 48 islands, 100,000 are employed. You start at age 14 and this broadens the base. To me, this is a commendable record.

WAGES AND LABOR ORGANIZATIONS

How are the present prevailing wages? Is that established jointly by the leaders in the islands and our people?

Mr. O'FLAHERTY. It is affected by our employment of local nationals, Ryukyuns.

Mr. PASSMAN. I know that, but on what basis do they establish the wages per hour? Do you have labor organizations out there as a strong movement?

Mr. O'FLAHERTY. Yes, sir. The labor organizations are increasing in number and in strength. Fortunately, they are not dominated by Communists.

Mr. PASSMAN. You have labor organizations in the islands and they are developing rapidly?

Is that a statement of fact?

Mr. O'FLAHERTY. Yes, sir.

If I may make a point, Mr. Chairman, they are free of domination from Japan where some labor organizations are pretty Red-centered.

Mr. PASSMAN. Are most of the labor leaders in Okinawa U.S. citizens?

Mr. O'FLAHERTY. No, sir.

Mr. PASSMAN. I am speaking of the heads of these organizations. Are they locals?

Mr. O'FLAHERTY. Ryukyuan.

Mr. PASSMAN. Do any of the American unions have people out there training them?

Mr. O'FLAHERTY. No, sir. There is a representative of the ICFTU stationed in Okinawa. He was selected by the AFL-CIO. He has had a good, salutary influence on the labor population there.

ELECTRIFICATION

Mr. PASSMAN. You have a very successful electric cooperative system in the islands. I believe you have two electric cooperatives, do you not, operating on Okinawa?

Mr. O'FLAHERTY. Yes, sir. There is one very large cooperative union.

Mr. PASSMAN. Could you tell us what percentage of the homes in Okinawa are electrified?

Mr. O'FLAHERTY. I do not know that offhand, Mr. Chairman.

Mr. PASSMAN. It is very high, is it not?

Mr. O'FLAHERTY. No, sir; it is not as high as it is, for example, in Japan.

Mr. PASSMAN. Tremendous strides have been made in the last few years in providing electricity to the so-called rural homes of the islands.

Mr. O'FLAHERTY. Thanks to your foresight and making a personal study of the electric power requirements in Okinawa, yes. It has made strides and it is improving but it leaves a great deal to be desired because the Kin plant for which this committee appropriated funds has not been completed.

Mr. PASSMAN. When the plant for which funds have already been appropriated is completed, in all probability the number of homes on the islands receiving, or wired for, electricity will be in the neighborhood of 95 percent?

Mr. O'FLAHERTY. I should think something less. We can supply that figure for the record.

Colonel SITTERSON. On Okinawa?

Mr. PASSMAN. Yes.

Colonel SITTERSON. That would not apply to the other islands though.

(The information will be supplied the committee.)

Mr. PASSMAN. Most of your people live on Okinawa, do they not?

Colonel SITTERSON. Roughly, 75 to 79 percent.

Mr. PASSMAN. Are they also being taught the advantages of modern electric appliances, such as refrigerators, washing machines, and so on?

Mr. O'FLAHERTY. No, sir; they are not. They have very, very few of them.

Mr. PASSMAN. They are coming into use?

Mr. O'FLAHERTY. Those seen in the shops are mainly carried for sale to U.S. personnel on the islands.

Mr. PASSMAN. I visited some of the homes and some of them do have refrigerators. Many of them have radios and Laun for these facilities.
Mr. O'FLAHERTY. The radio is not uncommon.
Mr. PASSMAN. They are making great strides there.

PUBLIC LENDING INSTITUTIONS

I think you also have many banking cooperatives created in recent years; is that true?

Mr. O'FLAHERTY. The banking system consists of what we would call commercial banks in the United States, two of them; plus six mutual saving societies or associations. There are agricultural cooperatives which are, in a limited sense, financial institutions.

Mr. PASSMAN. That is something new to the islands, is it not?
Mr. O'FLAHERTY. Not particularly new. The cooperatives were initiated some years ago.

Mr. PASSMAN. During the occupation?

Mr. O'FLAHERTY. During the occupation.

Mr. PASSMAN. How many banks do they have on the island of Okinawa?

Mr. O'FLAHERTY. Two significant banks. The others are mutual savings associations.

Mr. PASSMAN. Would you know the total on the islands?

Mr. O'FLAHERTY. The total number?

Mr. PASSMAN. The banks and mutual savings associations.

Mr. O'FLAHERTY. Yes, sir. I can get that immediately.

As I say, there are two commercial banks and six so-called banks which are mutual savings and loan associations.

Mr. PASSMAN. Six; and two commercial banks which make eight?

Mr. O'FLAHERTY. Yes, sir. The principal bank is the Bank of the Ryukyus, founded by the military government.

RURAL COOPERATIVES

Mr. PASSMAN. How many of those agricultural cooperative financial institutions do you have?

Mr. O'FLAHERTY. Farm cooperatives are really not banks. They are very like our own cooperatives. They extend credit.

Mr. PASSMAN. As far as the farmer is concerned, it is a bank to him, is it not?

Mr. O'FLAHERTY. Yes, sir.

Mr. PASSMAN. He can borrow money there?

Mr. O'FLAHERTY. Yes, sir.

Mr. PASSMAN. How many do you have?

Mr. O'FLAHERTY. 183 cooperatives and 3 federations of cooperatives.

Mr. PASSMAN. Rural cooperatives?

Mr. O'FLAHERTY. Yes, sir.

Mr. PASSMAN. That is what you would call a banking cooperative as it applies to the rural people?

Mr. O'FLAHERTY. No, I think they are farming and fishery cooperatives.

Mr. PASSMAN. The purpose is to make capital available for the people in whatever field, whether farming, fisheries; would that be correct?

Mr. O'FLAHERTY. Yes, they serve as a channel for loans from the Central Bank for Cooperatives.

Mr. PASSMAN. Channels for finances for capital investment, is that correct?

Mr. O'FLAHERTY. That is correct.

Mr. PASSMAN. Whether farm or small industry or fishing?

Mr. O'FLAHERTY. And they advance credit on crops as they do in this country.

Mr. PASSMAN. That is 191 cooperatives, banks, and mutual organizations you have for the islands with a population of 890,000. That certainly indicates thrift and progress.

I wonder if that would not set an alltime record for these institutions in relation to the population?

Mr. O'FLAHERTY. I think, if you consider a cooperative a financial institution, that virtually every country that has cooperatives would have an extremely large number of financial institutions. They are not basically considered that.

Mr. PASSMAN. I represent a district that covers 10,000 square miles and we have nearly 400,000 people. I do not think if we took the entire district's banks, mutual building associations, and cooperatives, you would have, at the very outside, over 55 or 60.

They are either very prosperous or they are slicing it pretty thin.

I would not know.

Mr. O'FLAHERTY. These are very, very small and very localized in their little communities.

STRENGTHENING FINANCIAL INSTITUTIONS

Mr. PASSMAN. Mr. Secretary, on page 4, you state that you have a 5-year program of strengthening the Development Loan Corporation and the Central Bank for Cooperatives with the amended 1963 estimate of \$1 million as a capital contribution to the Central Bank for Cooperatives and \$3 million as a contribution to the capital of the Ryukyuan Development Loan Corporation; is that right?

Mr. AILES. Yes, sir.

Mr. PASSMAN. What will be the new capital structure of the two institutions if this estimate is approved?

Mr. AILES. I think this is Mr. O'Flaherty's department.

Mr. O'FLAHERTY. The contribution of \$3 million to the Ryukyuan Development Loan Corporation, if approved, will have assets at the beginning of fiscal 1964, or the end of fiscal 1963 of \$36.3 million.

Mr. PASSMAN. That will be the capital?

Mr. O'FLAHERTY. Total assets.

Mr. PASSMAN. How about the capital structure?

Mr. O'FLAHERTY. Capital structure will be \$26 million, and retained earnings will be practically \$10 million. The total capital structure will be about \$36 million.

Mr. PASSMAN. Gentlemen, I think that is the most commendable thing I have ever heard of. I believe the capital structure in dollars for this one bank would exceed the capital structure of all of the banks

in my district, numbering perhaps 17. My hat is off to them. They must have really created some savings out there, and that is a mighty healthy condition.

How about the Central Bank for Cooperatives?

CAPITAL STRUCTURE OF RYUKYUAN FINANCIAL INSTITUTIONS

Mr. O'FLAHERTY. The Central Bank for Cooperatives will have a loan capability of \$10 million, assuming the request for contribution—

Mr. PASSMAN. I am dealing with the present structure. How much, \$9 million?

Mr. O'FLAHERTY. \$9 million.

It holds deposits of the government of the Ryukyu Islands and for the cooperatives.

Mr. PASSMAN. Basically we are interested in the capital structure. When you can create a \$36 million capital structure in a bank on the Ryukyu Islands, and then move over to your cooperatives, and other banking institutions, with a capital structure of \$9 million, that is tremendous.

Mr. AILES. Mr. Chairman, at least that is not the way I understand the situation to be. This is not their own institution or one that has this capital structure built up as a result of the savings of the people. This was originally U.S. funds, as I understand it. They have been increased by grants from here. They have been increased by retaining the earnings of the operation which came out of the interest that was charged.

Mr. PASSMAN. It follows, nevertheless, that this bank is owned and operated by the islanders themselves?

Mr. AILES. No, sir.

Mr. PASSMAN. Who controls this bank?

Mr. O'FLAHERTY. The High Commissioner controls this institution. It is not the property of the Ryukyuans.

Mr. AILES. I think this—

Mr. PASSMAN. Why are we in the banking business out there? Who owns the capital of \$36 million?

Mr. O'FLAHERTY. According to an opinion of the Comptroller General of the United States, the High Commissioner holds these assets in trust for the benefit of the Ryukyuan people.

Mr. PASSMAN. In effect, this is for them?

Mr. AILES. Yes, sir.

Mr. PASSMAN. For all practical purposes, this is their capital?

Mr. AILES. That is right.

Mr. PASSMAN. Are the Ryukyuans permitted to buy stock or savings in the institution?

Mr. O'FLAHERTY. No, sir; it is not a stock institution.

Mr. PASSMAN. Why would you be asking this committee for additional money for the local economy, grant aid and all that, if you have a banking institution out there with \$36 million in American dollars that belongs to the Ryukyuans to be used in their economy?

How about this second bank? Who owns it?

Mr. O'FLAHERTY. This is owned by the government of the Ryukyu Islands.

Mr. PASSMAN. The Ryukyuans own \$9 million in this bank; is that correct?

Mr. O'FLAHERTY. That is correct.

Mr. PASSMAN. I believe that almost would set a record because you are dealing with 890,000 people. Who controls that bank?

Mr. AILES. I think there we are not using the right figures. These figures are the total outstanding loans, are they not?

Mr. PASSMAN. I asked for the capital structure and that is what we are trying to find out.

Mr. AILES. These are not stock. The capital structure of a bank is, as I understand it, the—

Mr. PASSMAN. If there are 20 stockholders who put in \$1,000 each to start a bank, that is the capital structure and then at a subsequent date you add to it?

Mr. AILES. We do not have a comparable figure.

Mr. O'FLAHERTY. Do we speak of the Central Bank for Cooperatives?

Mr. PASSMAN. Let us get to the \$9 million. Is that the net assets of the bank?

Mr. O'FLAHERTY. That would be the loanable assets of the bank.

Mr. PASSMAN. What are the net assets?

Mr. O'FLAHERTY. They will be approximately \$4 million.

Mr. PASSMAN. You are still talking about a lot of money for these islands. What are the net assets out of the other \$36 million? Is that available for loans to people on the islands?

Mr. AILES. That money is currently loaned.

Mr. O'FLAHERTY. Most of it, \$25 million, outstanding in loans today.

Mr. PASSMAN. \$11 million on deposit?

Mr. O'FLAHERTY. Not in the Ryukyuan Development Loan Corporation. It does not hold deposits.

Mr. PASSMAN. I am speaking of the other one. You had \$36 million as capital structure; how much did you say was out on loans?

Mr. O'FLAHERTY. \$25 million at this time.

Mr. PASSMAN. That would leave \$11 million?

Mr. O'FLAHERTY. We are assuming that the contribution requested here is approved, which is \$3 million.

Mr. PASSMAN. Let us take \$3 million out of the \$36 million. If we cut that down, will that be \$7 million on hand that could be loaned?

Mr. O'FLAHERTY. It is revolving and probably about \$7 million.

Mr. PASSMAN. That is a lot of money.

Mr. RHODES. Mr. Chairman, could we get a balance sheet for these?

Mr. PASSMAN. I think we should.

We would like to have a balance sheet for the two banks.

Mr. O'FLAHERTY. Yes, sir.

Mr. PASSMAN. I think you told us you had 183 cooperatives?

Mr. O'FLAHERTY. 183, and three associations.

Mr. PASSMAN. 183 institutions that make loans of some type or another to the islanders?

Could you give us a brief résumé of the capital structures of all of these cooperatives.

Mr. O'FLAHERTY. I think we could. However, again it should be pointed out that these cooperatives, agricultural cooperatives, are not per se financial institutions.

Mr. FORD. They do make loans?

Mr. O'FLAHERTY. They do make crop loans, that is true. The other loans they make are primarily made by the Central Bank for Cooperatives through these local cooperatives throughout the islands. (The information supplied follows:)

Ryukyu Development Loan Corporation comparative balance sheet as of June 30, 1961, 1962, and 1963.

	June 30, 1961, actual	June 30, 1962, estimate	June 30, 1963, estimate
Assets:			
Current assets			
Cash	\$5,361,888	\$3,582,764	\$3,472,594
Advances receivable	867	1,000	1,000
Prepaid payments	1,924	2,000	2,000
Accrued interest receivable	236,105	190,000	217,000
Total current assets	5,600,984	3,775,764	3,692,594
Fixed assets	15,090	25,037	26,597
Less reserve for depreciation	(9,172)	(10,300)	(10,850)
Long term assets			
Loans receivable	24,058,226	28,896,426	32,907,626
Less reserve for bad debts	(304,096)	(365,096)	(302,096)
Total assets	29,270,892	32,409,831	36,273,831
Liabilities:			
Current liabilities			
Accrued expenses payable	19,813	7,000	7,000
Advances payable on loan collections	27,341	27,000	27,000
Funds held in trust (for insurance premium)	40,941	51,000	51,000
Other liabilities	666	700	700
Total liabilities	98,761	85,700	85,700
Net worth:			
Capital	22,737,854	24,257,854	26,257,854
Retained earnings	6,414,277	8,066,277	9,600,277
Total net worth	29,172,131	32,324,131	36,188,131

Made up as follows:

Initial contribution, sale of assets provided by Government and Relief in Occupied Area	\$203,333
Subsequent contributions from U.S. Civil Administration	25,424,521
Total	26,257,854

recent years and is below that of other areas in Asia, including Japan. Continuing efforts are being made to reduce this rate.

3. *Collections.*—Collection activity of the bank is satisfactory. Collection ratios for fiscal years 1959, 1960 and 1961 are 97.5, 98.51 and 98.24 percent respectively.

(c) *Capital needs and capabilities*

1. *Needs.*—For fiscal year 1963, the CBC can fund a lending program of about \$9 million. This measures against a valid requirement for approximately \$39.2 million in loan funds in this most important sector of the economy. It is considered that with a U.S. grant of \$1 million plus a possible Government of Japan contribution of \$301,000, the resulting funds would be available for a loan program of approximately \$10.4 million and will represent an increase of \$3.7 million over the actual fiscal year 1961 program, an increase of 55 percent which meets the capacity of the bank to administer prudently.

2. *Source of credit.*—The CBC is the only source of credit for the cooperatives and the farmers, fishermen and foresters involved, except for private money lenders who charge extremely high rates. Practically no loans are provided by local commercial and mutual banks for these purposes.

CAPITAL EXPANSION OF DEVELOPMENT LOAN CORPORATION

Mr. PASSMAN. During our hearings earlier this year the committee expressed its concern over the way the Development Loan Corp. was growing without any action on the part of the Congress.

Have you read those hearings?

Mr. O'FLAHERTY. Yes, sir.

Mr. PASSMAN. Do you agree?

Mr. O'FLAHERTY. We read the transcript. We do not have it in our possession.

Mr. PASSMAN. The transcript becomes the hearing record.

Mr. O'FLAHERTY. We do not have it available yet, sir.

Mr. PASSMAN. Do you agree that the capital structure of this Development Loan Corp. is growing by leaps and bounds?

Mr. O'FLAHERTY. Sir, I think it is a matter of great credit to the administration of the Ryukyus that this institution was established in 1950 with a capital contribution of \$833,000 from the military government; that it has been possible through subsequent years for the business-type enterprises which the military government had to conduct, and some of which still are continued under the civil administration, to make contributions to this institution which is the only source of long-term credit in the islands. It is the backbone of the economy and if it had not been established and if it had not been possible to make capital contributions to this institution from the earnings of the other enterprises under the military government and the civil administration, there would not have been nearly the economic development that has been achieved.

Mr. PASSMAN. I am on your side there and I endorse it that way.

Mr. AILES. I am sure you are.

EFFECT OF ECONOMIC ASSISTANCE

Mr. PASSMAN. We all know Okinawa is almost a showplace in that part of the world so far as improvements are concerned on that island. I am glad you have it. You asked for so much money earlier this year that I could hardly imagine the committee recommending it. Then to come in here today with this inflated supplemental request causes me great concern.

Let us go back to fiscal 1956. Let us see what we had for that year and see how fast the thing is growing on us.

I am afraid you are going to get these people to expect more than we should provide.

You may take them so far ahead in their standards as compared with others in that part of the world until they will be unhappy.

PRIOR APPROPRIATIONS

To show how this thing has gone up, let us go back to the appropriation for 1956.

You asked for \$3 million and Congress gave you \$3 million; is that correct?

Mr. O'FLAHERTY. No, sir; the appropriation for economic aid in 1956 was \$1,714,000.

Mr. PASSMAN. We are using the total appropriation.

Mr. O'FLAHERTY. Including administrative costs?

Mr. PASSMAN. That is right. You asked for \$3 million and we gave you \$3 million.

In 1957 you asked for \$2,380,000 and the Congress gave you \$2,350,000. In 1958 you asked for \$3,875,000 and the Congress gave you \$2,475,000; in 1959 you asked for \$3,128,000 and the Congress gave you \$2,860,000.

That is when I found great prosperity out there and in 1960 you asked for \$6,282,000 and the Congress gave you \$5,282,000.

In 1961 you asked for \$6,704,000 and the Congress gave you \$6 million.

You asked for a supplemental of \$89,000 and the Congress gave you every dime of it.

In 1962 you asked for \$6,835,000 and the Congress gave you \$7,089,000.

This appropriation has doubled in amount since 1956 for Ryukyuans.

You came in this year and asked for \$7.9 million, which was \$1,065,000 over what you asked for last year.

We have gone along with you and followed your recommendations but now you come in with a supplemental almost doubling the original \$7.9 million request.

Contrast 1956, when you were getting along very nicely on the \$3 million which we gave to you, with the \$14,282,000 you are now asking for.

I yield to Mr. Ford.

FORMER TESTIMONY INDICATING SELF-SUFFICIENCY OF RYUKYUANS

Mr. FORD. Mr. Chairman, apropos of what was testified to previously, I have before me the hearings for fiscal 1955. It is testimony given May 4, 1954, by General Marquat.

In that connection there is an interesting colloquy. Mr. Taber was asking the questions and he said the following:

I have in front of me the hearings for last year and I have Mr. Baron's statement in answer to a question by Mr. David right down below the middle of the page.

Incidentally, Mr. Baron was always an extremely good witness, in my opinion, but Mr. Baron said in 1953:

I might mention in this regard that this is right in the midst of a changing condition in the Ryukyu Islands. We are rapidly approaching self-sufficiency. The activities in the economic field have paid off in developing this self-sufficiency.

Apparently, there was a break in the testimony and Mr. Baron had gone on to say the following:

At the same time the United States in the form of military operations received a great deal of services from the government of the Ryukyuans.

Then Mr. Baron made another comment:

We hope from the economic area that we can, in the future balance our earnings with our expenditures and there will be no economic aid necessary from the U.S. Government.

How can we be so wrong? This is testimony by people who were thoroughly experienced out there. As I said, I was greatly impressed with Mr. Baron's testimony back in 1953 when he was telling us we were rapidly approaching self-sufficiency. What is the answer?

Mr. AILES. I wonder what he meant by "self-sufficiency"?

Mr. FORD. Self-sufficiency is pretty clear to me, particularly when he says, "There will be no economic aid necessary from the U.S. Government." That is very clear.

Mr. RUDOLPH. Would the gentleman yield?

Mr. FORD. Yes.

DANGER OF ECONOMIC COMPARISONS

Mr. RUDOLPH. Of course, if we were comparing it to Japan, as you are, it would not be self-sufficient.

Mr. AILES. Yes, sir.

Mr. RUDOLPH. How can you compare the Ryukyus to Japan and expect the Ryukyus to have the same standards of living?

Mr. AILES. I do not make that comparison. They make the comparison.

This happens to be the center—

Mr. RUDOLPH. You are asking us to adopt their method of comparison?

Mr. AILES. I am not making that comparison but they are making it. It is their view they would be better off as a part of Japan. This is a logical and natural comparison for them to make. This goes to the question of self-sufficiency.

We are talking about aid here, not because there is a need that produces—

Mr. FORD. It is not based on need?

Mr. AILES. No, sir; that is what I tried to make clear earlier. This is not a welfare program at all.

Mr. PASSMAN. I suggested earlier it was diplomatic blackmail.

I want to say, Mr. Secretary, that this caused me great concern. I have been out to the islands many times as you know, and I have come back and followed your recommendations. I was subjected to criticism for currying the ball for you and recommending without exception almost every dime you asked for. It appears to be a situation of great prosperity out there. I was surprised to think

that those people, who appeared to be so cheerful and so happy and had pushed their standard of living maybe above anything that even the wildest imagination ever indicated they would have, and during my brief tenure as chairman of this subcommittee, beginning in fiscal year 1956, where you asked for \$3 million, and I pleaded with the committee to follow my recommendation and give you every dime you asked for because I had been out there, and in the following 5 years you have doubled that amount.

Last year we jumped it up to \$7,089,000 and now you are in this year asking for \$14,282,000.

You state it is not needed and you are asking for this simply because these people, even though they are enjoying the highest standard of living in the history of their island, are comparing their standards with that of Japan.

The committee will make the proper decision.

Mr. Gary, Okinawa.

POLITICAL SITUATION

Mr. GARY. What is the political situation in Okinawa at the present time?

Mr. AILES. You mean as between the local parties or the problem we consider—

Mr. GARY. I mean the general situation politically on the islands. If you want to take this off the record, all right. But I would like to know.

They did have a Communist mayor out there at one time and I have heard rumors to the effect that there is a group out there now that wants to go back with Japan. I would like to know just what the political situation is there.

As I say, any part of it you think would be detrimental to the welfare of the country, you may strike off the record.

(Off the record.)

Mr. GARY. What we have been doing is to put most of this on the record, Mr. Secretary, and then let you go over it before it is printed. You can strike anything off you want.

Mr. PASSMAN. Off the record.

(Discussion off the record.)

Mr. AILES. The reversion sentiment is really a strong factor there. In Japan the opposition seeks to make political capital out of that.

There was a resolution passed recently by the Government of Ryukyu Legislature.

What was the text of that?

Colonel SITTERSON. The legislature earlier this year at the beginning of this last session, unanimously passed several resolutions. One of them called for immediate reversion of the Ryukyus to Japan. There are several forms of that because they addressed one of these resolutions to the administration of the U.S. Government, one to Japan, and so on and so on.

There were several forms of it depending on to whom it was addressed. They adopted another resolution that was addressed to the members of the United Nations calling for a United Nations investigation of retention of these islands by the United States.

BASE AGREEMENTS

Mr. RHODES. Will the gentleman yield?

If we can make proper agreements with Japan as to the rights for bases, why do we not let the islands revert to Japan?

Mr. AILES. May I review what is there?

Mr. RHODES. Please do.

Mr. AILES. Let me give you a very few simple illustrations.

(Off the record.)

Mr. RHODES. I prefaced my question by saying if we could perfect the proper agreements for bases.

Mr. AILES. All right; the answer is that they could not perfect the proper agreements for bases under the current situation.

FAMILIARITY OF RYUKYUANS WITH U.S. ASSISTANCE

Mr. PASSMAN. If the gentleman will yield, I want to clear up a point.

You said the legislature voted unanimously on a resolution not particularly to our liking. How many are in the legislature?

Colonel SITTERSON. Twenty-nine.

Mr. PASSMAN. A unicameral system?

Colonel SITTERSON. Yes.

Mr. PASSMAN. When was the vote taken?

Colonel SITTERSON. February of this year.

Mr. PASSMAN. Of course this proposed program to some extent has been discussed with the Ryukyuans. Are they not familiar with what we are trying to do to help them?

Colonel SITTERSON. In part.

Mr. PASSMAN. They knew you had a task force out there. When did the task force go out to the Ryukyus?

Colonel SITTERSON. Last year.

Mr. PASSMAN. Did you have a group that followed later?

Mr. AILES. That was the only one in this particular connection.

Mr. PASSMAN. They were in the Ryukyus in October planning an aid program? You said this estimate is not based on need. Notwithstanding the fact this task force went out by invitation of General Caraway, those people knew we had the task force out there.

Colonel SITTERSON. Yes.

Mr. PASSMAN. Notwithstanding that fact, they voted unanimously to revert back to Japan; is that a statement of fact?

Colonel SITTERSON. That is a statement of fact.

Mr. PASSMAN. What are you trying to do here, bribe the people?

Mr. AILES. I do not like to put it in those terms.

Mr. PASSMAN. I do not know any other way to put it.

INTERNAL POLITICAL SITUATION

Mr. GARY. Will you tell me what the political situation is there?

Mr. AILES. I cannot remember where we were when we got off on the other subject. Do you want to know about the Communist mayor?

Mr. HARRISON. Mayor Senaga was mayor of Naha and lost out later on. He is a voice of the Communist Party in that area.

Mr. GARY. How strong are they?

Mr. HARRISON. Not very strong. They have one member in the legislature.

Mr. GARY. Which party is the reversionist party, which wants to revert back to Japan?

Mr. HARRISON. You cannot say any party is a reversionist party. They all are, as the Secretary stated a moment ago.

JAPANESE-RYUKYUAN RELATIONS

Mr. GARY. Did Japan treat them any differently than the way they do Korea?

Mr. HARRISON. The Ryukyuans were always the poor country cousins of the Japanese Empire.

In the Army parlance, they were at the end of the PX line.

Mr. GARY. I was told in Korea when the Japanese had control they were very restrictive on the Koreans. They did not permit them to hold any positions above that of bootblack. Consequently, when we went into Korea there were very few that were capable of running the Government, or of operating the army.

One of the great difficulties we had in Korea using native troops was, there were practically no trained Korean officers to command them. The Japanese had given them no advantages of education and had held them down very materially economically, educationally, and in every other way. If that same condition existed in Okinawa, why should these people, after all the advantages they have now, want to go back to Japan?

Mr. HARRISON. Mr. Gary, the same conditions practically existed in Okinawa and the Ryukyus at the time of Meiji restoration in 1870 when Japan took over the Ryukyus. They had nobody with any administrative power among the natives of the Ryukyu Islands. All the administrative work was done by people sent down from the mainlands of Japan. The only people who had any influence at all were the schoolteachers, and the administrative end of the school system were all sent down by the Ministry of Education in Japan. They had two normal schools for elementary teachers only, and those were the only people that the Ryukyuans had to do any of their representation.

Mr. GARY. It was not only true in government, but when they opened up the powerplant there, you had no one who was capable of operating the powerplant. Consequently, we had to decide whether we would let Japanese technicians do it, or whether we would send over U.S. technicians. That is because those people were not given any training, they were not permitted to occupy important positions.

As I understand it, we have reversed that situation and we are trying to give the Okinawans, individually and through their Government, every opportunity. Under those circumstances, why would they want to go back to Japanese rule?

That is what I cannot understand. Mr. HARRISON. There are certain conditions in the oriental mind that are rather unexplainable to us. It is difficult for me to imagine that I would want to go back to Japan under some circumstances, but there are certain fringe benefits in many of the areas that the Ryukyuans do not have today. They have no retirement systems.

they have no social security. These are items which they consider a Japanese administration would afford them.

Mr. GARY. They never gave them such benefits when they had control.

Mr. HARRISON. No.

Things have changed considerably in Japan in the last 15 or 18 years.

Mr. GARY. How many men do we have on the island now, military?

Colonel SITTEISON. Off the record.

BANKING FACILITIES

Mr. GARY. Do the banks which you mentioned serve the military personnel?

Colonel SITTEISON. Those banks do not. There is a branch of one of the American institutions there, an American Express type thing.

Mr. GARY. So the post has their own banking facilities?

Colonel SITTEISON. Not on every little installation. Available to their personnel, yes.

Mr. GARY. The posts also have their own schools which are separate from the Ryukyu schools?

Colonel SITTEISON. That is right.

ELECTRIC POWERPLANT CONSTRUCTION

Mr. GARY. When did you say they are going to complete this new hydroelectric plant?

Mr. O'FLAHERTY. It appears now it will be completed about January 1964.

Mr. GARY. You are not getting any benefit from it now?

Mr. O'FLAHERTY. That is right.

Mr. GARY. 1964?

Mr. O'FLAHERTY. Yes. There has been very considerable slippage due in part, first, to difficulty in getting a proper architect-engineering contract. The engineers rejected the first plan submitted.

Secondly, due to policy recommendations which were indicated by this committee on the "Buy American policy," necessitated first a survey of the field to get an estimate of how prices were running in the United States as against costs of foreign production; also, a determination by the Secretary of Defense that the heavy equipment to be purchased in the United States would be shipped on U.S. bottoms.

POWER GENERATING CAPACITY

Mr. GARY. To what extent will the power be increased when the plant commences operations?

Mr. O'FLAHERTY. It is an 80,000-kilowatt plant, Mr. Gary.

Mr. GARY. What is the present plant? I was there just before the present plant was completed.

Mr. O'FLAHERTY. The Machinato plant, to which I think you refer, is a land-based plant. It is a part of a system that includes two power barges.

Mr. GARY. I understand. Those two power barges were brought over from Korea.

Mr. O'FLAHERTY. Yes. The capacity of the entire system today is 118,500 kilowatts. That is the present power capacity.

Mr. GARY. With the barges?

Mr. McLAUGHLIN. With the barges, and with certain diesel units. The largest single unit is discounted from the system to calculate firm capacity. That is when you take out the "Impedence," which is 30,000. Rated capacity, 118,000; firm capacity, 88,000.

Mr. GARY. And the plant would only increase that 80,000?

Mr. McLAUGHLIN. By 80,000 kilowatts.

Mr. GARY. You would have how much altogether?

Mr. McLAUGHLIN. At the present time you have firm capacity of 88,000. The new plant would bring on 80,000 more. You would have then a firm capacity of 168,000.

Mr. GARY. But you plan to eliminate then some of the power obtained from the two barges, do you not?

Mr. McLAUGHLIN. Yes. We feel they could retire the *Jacona*, which is overage and very expensive to operate. We would also be able to retire the diesel plants which are very expensive to operate.

Mr. GARY. How much would you lose?

Mr. McLAUGHLIN. We would lose 18,000 for the diesel plants, and the barge 20,000, so the total loss would be 38,000.

Mr. GARY. Since you would increase it 80,000, and would take away 38,000. Your net increase would be 42,000 kilowatts.

Mr. McLAUGHLIN. Correct.

Mr. PASSMAN. I believe you stated earlier, with the new facilities financed by the United States you could electrify about 95 percent of the homes on Okinawa.

Mr. McLAUGHLIN. I think that is correct.

RYUKYUAN OBJECTIVES

Mr. PASSMAN. They want to return to their mother country, but they do not want to give up the U.S. dollars.

Mr. AILES. I think what they are saying is, why do you not let us loose and go back to Japan, and we say, along with other measures, such as increased autonomy for the local government, and some firm Japanese cooperation with our program, we can progress steadily with economic improvement.

Mr. PASSMAN. You are dreaming. We have increased this program out there by leaps and bounds, have we not, since just 1956?

Mr. AILES. We are talking about a relatively small amount.

Mr. PASSMAN. I am going to go to the point. I am concerned about this.

You told us that we had this task force out in October, which was considering doubling what had been doubled since 1956. It would be over a 400 percent increase beyond what appeared to be a satisfactory program in 1956. Notwithstanding that fact, this vote in the Parliament was unanimous.

Mr. AILES. Yes, sir.

Mr. PASSMAN. Twenty-nine votes for reversion to Japan. We have not picked up a supporter for the American position there; is that correct?

Mr. AILES. That is correct.

Mr. PASSMAN. How do you know when you are separating the sincere from the insincere if that is the political atmosphere?

Mr. AILES. I am not sure that I follow.

Mr. PASSMAN. I believe you stated no politician could afford to advocate anything else than returning to Japan.

Mr. AILES. That is the commonly held view.

Mr. PASSMAN. You do not know whether doubling this aid program would check that trend or not?

Mr. AILES. I do not think it will. I think some increase in aid, along with some increase in political independence for the government, plus Japanese participation in this program, creates a situation which would be a tremendous improvement.

Mr. PASSMAN. You are not asking for a slight increase. You are asking for this thing to be doubled. We have already more than doubled it since 1956. You are asking for us to double it again in just 1 year. Money is running out. We do not even know where we are going to get money to meet the foreign aid program this year. We have been borrowing it, you understand, from the American people. I guess we will have to continue doing so. We are trying to approach this thing very realistically.

FINANCING ELECTRIC POWERPLANT

There are a lot of plus items for Okinawa that are not included in the justification?

Have I made a statement of fact?

Mr. O'FLAHERTY. That is correct. You appropriated \$18 million for a loan to the electric power corporation.

Mr. PASSMAN. I am familiar with the loan. It is not a part of the normal request you have been presenting?

Mr. O'FLAHERTY. That is correct.

Mr. PASSMAN. That is one of the many items that is adding to the economy of the Ryukyuan not considered here.

Mr. O'FLAHERTY. This is in line with the figures recited.

Mr. PASSMAN. The water system would fall in that same category?

Mr. O'FLAHERTY. No. There was \$600,000 appropriated.

Mr. PASSMAN. Is that in addition to what we are giving you?

Mr. O'FLAHERTY. Yes.

(Off the record.)

BASIS FOR INCREASED REQUEST

Mr. ALEXANDER. Mr. Secretary, in the original request, you asked for \$7.9 million. Now you are requesting a minimum addition of \$6,382,000. When did you come to the conclusion you needed these additional funds?

Mr. AILES. I have difficulty in putting on the precise date. The additional amounts grew out of the study made by the task force organized last August and which was in Okinawa in October.

The final report was submitted and approved by the President and resulted in a statement by him on the 19th of March. When the precise amount for the first year was settled upon, I simply cannot remember.

Mr. O'FLAHERTY. It was in March.

Mr. AILES. We had a problem. There was not any authority for the Congress to appropriate more than \$6 million for economic assistance. That \$7 million figure includes the operating expenses. There was not any authority to appropriate more than \$6 million for economic assistance so we asked that the Congress change what we refer to as the Price Act to increase the authority above \$6 million.

There was a limitation in the act to that effect. Hearings were not set before this committee on that amount until after this legislation passed the House, which it did.

Mr. ALEXANDER. Did the task force consist of people from our own country who were in the foreign-aid program?

Mr. AILES. There was one man from the foreign-aid program. The task force consisted of Carl Kaysen of the White House and the others mentioned in the record.

Mr. ALEXANDER. This is in the record?

Mr. AILES. Yes.

Kaysen from the White House, a representative from the State Department, myself, and a man from the AID Agency and a man from the Labor Department.

Mr. ALEXANDER. This additional request grew out of the report that was filed by them?

Mr. AILES. Yes.

The task force group came back with the proposition that it was very clear something had to be done and it ought to be a three-way program.

Mr. ALEXANDER. I am very much interested in this program, but I am going to yield to Mr. Rhodes.

I have to answer the rollcall.

POLITICAL PARTIES

Mr. RHODES. Do you have any political parties in Okinawa that are pro-American parties?

Mr. AILES. There is no one who campaigns on that issue.

Mr. RHODES. How many parties are there?

Mr. HARRISON. There are three major parties, the Okinawa Liberal Democratic Party (the OLDLP), the Okinawa People's Party, and the Okinawa Social Masses Party.

Mr. RHODES. Which is the presently dominant party?

Mr. HARRISON. The OLDLP has 22 members out of the 29 members of the legislature.

Mr. RHODES. Is this party a reversionist party?

Mr. HARRISON. I go back to the statement I made before, that, at least pro forma, they are all reversionist parties.

Mr. RHODES. In varying degrees?

Mr. HARRISON. I would say to varying degrees.

Mr. RHODES. It strikes me, Mr. Secretary, we have failed to remember the old adage, "You cannot beat somebody with nobody." The record will show that a Republican should not be giving political advice but even so it strikes me that if we do have a position to maintain and we intend to maintain it over a long period of time, we have got to do it by some other method. All this is superficial. We have

missed the fundamental element in getting other people to see our point of view.

Mr. AILES. Can I say something to that?

Mr. RHODES. I wish you would.

Mr. AILES. Unfortunately, these discussions all start going in one direction and we paint a wrong picture. This way overstates the situation. I have not been too long with the Army but I think the Army has done an excellent job of administering a very difficult situation over a period of years.

What began as a military occupation against a conquered people has taken on a very different character. There is a real reservoir of good will among the people of Okinawa for Americans, for the American soldier, for the American administrators out there.

Mr. RHODES. All right.

(Discussion off the record.)

PURPOSE OF REQUEST FOR INCREASED FUNDS

Mr. AILES. The chairman refers to the fact that this is double or triple what we had here before. The fact of the matter is that this is a premium on an investment.

Mr. PASSMAN. Gentlemen, you are shocking me. You are dealing with 800,000 people scattered on 48 islands where we have poured in, directly and indirectly, tens of millions of dollars. We have built their standard of living to a level they never dreamed of. You have given them school facilities they never dreamed of before. You have given them modern court buildings and legislative halls and banks. You have stated for the record these people did not need this aid from the standpoint of their economy. Any time you have a legislature on a little island that votes 29 to 0 to return to Japan, rather than to support America, as far as I am concerned, it is a bad situation.

To me it comes as a disappointment when we know we do not even have the money to meet our own commitments in America, Mr. Secretary. You and I know what we have done to the public debt to carry on this foreign-aid program.

Mr. AILES. May I clarify something else? I do not believe I said the people do not need this program.

Mr. PASSMAN. You said there was not a need for these funds.

Mr. FORD. The statement was that the request was not based on need?

Mr. AILES. That is right.

Mr. PASSMAN. You may have different words but I concurred with you in your previous statement, that it is not based on need.

Mr. AILES. No, sir. I would like to make clear what I did mean, if I may, because this is a significant subject. This is a frequently expressed statement when we talk about this thing. This is not charity. This is not something that the Red Cross is supposed to do. This request is based on a calm, sober determination of what looks like the best way to meet the existing problems.

Mr. PASSMAN. Thank you, Mr. Secretary.

Our foreign policy has developed into a checkbook. Every time we get into trouble we run for the checkbook. It appears that every time some high government official comes through Washington he goes out with a commitment for more money.

CONSIDERATIONS ON U.S. POSITION IN RYUKYUS

Mr. RHODES. Mr. Chairman, just one more question. This is more in the nature of a plea than a question. Will you please reconsider your position on this island and realize that money is not going to buy what you are trying to get? There may be some political action very definitely indicated but Americans are good politicians when they try to be, I suggest you do a better public relations job, and bring it to political action, to help identify more completely the common interests of the Okinawan and the American.

Mr. AILES. Sir, I would like to say we are trying to do a lot of other things. We have a civilian civil administrator for the first time out there and we have pretty extensive programs by which we undertake to get across our views on things, why we are there, and what the long-range prospects are.

Mr. PASSMAN. Will you yield?

Mr. AILES. Yes.

Mr. PASSMAN. You mean we have not gotten our views over after all these years, with all this money?

Mr. RHODES. This is the point I was making. There is not even a political party friendly to the United States.

Mr. AILES. I do not believe you can say that. All political parties talk about reversion. The argument is, how soon?

Mr. PASSMAN. I have carried the light for you in previous years and recommended almost every dime you wanted and this appropriation has grown until it has more than doubled in 6 years. But now you come in with a supplemental that almost doubles that. It is fantastic.

DISASTER RELIEF

Mr. FORD. Mr. Secretary, I would like to ask some questions about the proposed \$1 million for disaster relief. On page 19 of the justification books the following is stated:

To carry out the obligations of the United States under Public Law 86-629, and to maintain our position in the Ryukyus, disaster relief fund must be available when needed.

You have underlined the words "when needed."

This requires they be available until expended.

Those last three words again are underlined, i.e., on a no-year basis.

This is pretty far-reaching, is it not, to have a kitty of \$1 million on a no-year basis with no strings attached, a broad unlimited authority? Who would make the decision when to use it?

Mr. AILES. The High Commissioner would, I am sure.

Mr. FORD. That is a pretty fancy kitty.

Mr. O'FLAHERTY. Mr. Secretary, it should be added that it would have to be apportioned by the Bureau of the Budget upon manifestation of need.

Mr. FORD. This is really a contingency fund, is it not?

Mr. O'FLAHERTY. Yes, sir.

Mr. FORD. The President has a contingency fund under the mutual security program in the amount of \$300 million?

Mr. PASSMAN. \$275 million last year.

Mr. FORD. Fiscal year 1962, \$275 million. Can that be used for this kind of work?

Mr. O'FLAHERTY. No, sir. Generally speaking, the Ryukyu Islands are not considered eligible for mutual security assistance. They are not regarded purely as a foreign country for purposes of foreign aid. Colonel SERRERSON. This committee makes specific provision which the Congress thinks appropriate for the Ryukyus. They are not usually considered eligible for the other parts.

Mr. FORD. Let us put in the record the provision in Public Law 86-629 which authorizes this.

Mr. O'FLAHERTY. Yes, sir.
(The matter referred to follows.)

PUBLIC LAW 86-629

86TH CONGRESS, H.R. 1157

July 12, 1960

AN ACT To provide for promotion of economic and social development in the Ryukyu Islands

SEC. 4. There is hereby authorized to be appropriated not to exceed \$6,000,000 in any fiscal year for obligation and expenditure in accordance with programs approved by the President, for: (c) emergency purposes related to typhoons or other disasters in the Ryukyu Islands.

USE OF CONTINGENCY FUND FOR DISASTER AID

Mr. FORD. I would like to have this analyzed to see whether or not the President can use the contingency fund for this purpose. It is my belief that he can.

Mr. O'FLAHERTY. If there was an expression of the will of Congress that this be done, I believe that the responsible officials of AID, who have administration of this fund, would agree.

Mr. FORD. May I say that they find many, many strange places or unusual circumstances to use the contingency fund. I am positive their imagination is such they could find a reason to use it for a good and justifiable reason if they wanted to.

Mr. O'FLAHERTY. Apparently, then, we can only conclude that they do not want to use it for this purpose.

Mr. FORD. I agree with you. That is why they want to set up another contingency fund. They do not want you to come up with a good, justifiable request that would make some of their requests look bad in comparison.

Mr. O'FLAHERTY. Perhaps.

Mr. PASSMAN. Off the record.

(Discussion off the record.)

Mr. PASSMAN. On the record. As far as I am concerned, I would protest vigorously if the President of the United States ever attempts to use his contingency fund to start a series of projects and programs on Okinawa. He may follow the recommendations of the same task force that is requesting that the appropriation be doubled in 90 days and with that kind of imagination I hope the President's contingency is never turned loose in the islands. Those are my personal views.

Thank you, Mr. Ford.

Mr. FORD. As I understand it, the purpose of this \$1 million contingency fund is not to initiate projects but to rehabilitate following

natural disasters. I would agree with you they should not be used for the purpose of initiation of programs.

Mr. PASSMAN: Unfortunately, they have initiated a lot of programs with the contingency.

Mr. Ford: Under the AID.

Mr. O'FLAHERTY: Mr. Ford, the real problem here is that the typhoon season is, as you know, in the late fall.

Mr. Ford: I had some experience with that.

Mr. O'FLAHERTY: The Congress is not in session at that time. There is—

Mr. RHODES: What year was that?

Mr. O'FLAHERTY: That is generally speaking.

There is a real need for the United States to assert its interest, as the authority having responsibility for the area, to bail these people out, literally, to the extent of torrential rains, particularly in the area of public facilities and utilities, when a typhoon strikes; this is the reason why a contingency fund is required, or why it should be available until expended, to be apportioned by the Bureau of the Budget when required.

Mr. Ford: Have we ever failed to meet such an emergency when it happened in the past?

Mr. O'FLAHERTY: We have never had any appropriated funds for disasters.

Mr. Ford: That is not the question. Have we ever failed to meet the emergency by supplying of funds or supplies to meet such a disaster?

Mr. O'FLAHERTY: I think we have not, Mr. Ford, but certain availabilities which were ready in past years are no longer available. For example, we received some Japanese yen, Public Law 480 yen, which were accumulated in Japan for third-country purchases. This was the main source of cash we ever had for disaster relief.

Mr. Ford: That did the job, did it not?

Mr. O'FLAHERTY: For the time being. That source is exhausted now.

Mr. Ford: But there are other areas, I am sure, where you have funds that could be made available.

REVENUE OF GOVERNMENT OF RYUKYU ISLANDS

Let us go back to the hearings in 1954. There is a table inserted on page 118 of the hearings that shows revenue of the Government of the Ryukyu Islands, fiscal year 1950-51 to fiscal year 1954-55.

What is the percentage of the program met by internally generated funds for fiscal year 1962?

Mr. O'FLAHERTY: By that term "the program," do you mean the cost of government and economic development, complete?

Mr. Ford: The chart has four columns; one column is internally generated revenue; the second is grant-in-aid; third column, expenditure program; fourth column, percent of program by internally generated funds.

Mr. O'FLAHERTY: All right, sir. I think we can provide you what you want.

tions were having, some difficulty on loans and repayments were not as good as you had hoped. What is the story on that now?

Mr. O'FLAHERTY: The story is much brighter, Mr. Ford. At the present time, the loss ratio is running less than 1 percent. The normal reserve set aside by the Ryukyu Development Loan Corporation against possible losses is 1 to 1½ percent. It has not been required to draw down that much.

In 1959 the bad debt expense of the Ryukyu Development Loan Corporation was \$29,300 or 0.2 of 1 percent.

In 1960 it was \$31,470 or 0.1 of 1 percent.

In 1961 it was even less.

Mr. Ford: Apparently your problem in 1954 was with smaller loans.

Mr. Baron testified that we have a number of big items such as a sugar plant, and we financed a hotel this way but they are on a basis which allows them to repay their loans.

You said previously we have had a number of failures to pay but they have not been in large items. Is that your experience?

Mr. O'FLAHERTY: The present experience is not distinguishable as between the large and small items.

RESETTLEMENT PROGRAM

Mr. Ford: Later the witness told about the resettlement program. Has this been completed? If so, with what effect?

Mr. O'FLAHERTY: The resettlement program was funded out of the "Military construction, Army funds" which provided \$5.7 million. Of that amount only \$2.7 million has been expended, mainly because the principal area of resettlement, Irionote, has been the subject of rather protracted surveys.

There is a question of whether it is economically feasible or desirable to try to move any large numbers of people to Irionote. Miyako and Yaeyama Islands have been largely resettled, virtually to capacity.

Mr. Ford: Let us bring up to date what program is envisaged and how much money was made available to carry it out. What results, if any, have you had?

Mr. O'FLAHERTY: Yes, sir.

「……」

「ハイルス、時勢が急激へると聞いている。サミットへ、それは宜しく同時へのか。」

「……」

「サミットへ、その意はわかってゐる。しかし、その他についてはどうであるのだと問ふ。問題は合算だと思つて。」

「ハイルス、私は、その他の自然災害とは異なるにあらざるものを知りたい」といふのと、これは必ずその他のための保険だ。

「サミットへ、それと、これは火事その他のための保険だ。ハイルス、下院の議定書についてか。」

「その他の自然災害とは何か。」

「三つに含んで他の自然災害費用に百万トが計上されてゐるが、四つに、警備費を買ただけで明かさない点が幾つある。まず十パーセント、この作業について非常に心配を感ずる。特別調査の一人は、この作業について尋ねられている。そして、特別報告の一つは労働者代表によつて送られてゐる。ハイルス、来ている。特別調査には労働者代表ジョージ・カーンが入つて、少し、仲間にした調査団の中に労働者代表が二名入つてゐる。」

「サミットへ、労働官から神廟における状況についての報告が来たと聞かされた。これは非常に大きな問題だと思つて。」

「三つ、われわれはそれに對して、なんとかしなければならぬと思つてゐる。この点には問題はない。」

「ハイルス、もしあなたが無視して置かれておれば、やはりこれを公約で発表するが、ハイルスは、この点についてはどうか。」

「公約の中には日本への設備を設けることを知つた。これが、まづ第一に印刷されたい。また、選挙のたびに主権政黨の手によって組織されたいと展すといたった事を非常な上手にやつてゐるのを印刷された。」

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の計画をたてたのである。かくいへば、何か非常にまづいてゐるのは、結構なことである。しかし、支那がすべて支那を敵へ、しかも必ずして日本に屈服せられたらうという点が、私には非常に気になるところであらう。

私は、特別調査の一員が言つた現地人の資金がいかに低いかと云ふ点について、細かうことを知らう。なぜなら、私は意図して、日本の銀行業の資金についての数字を見た。アメリカでは銀行の平均資金は一萬圓に三十三五セント、三十三五セントと十五セントの特別資金は三萬圓に三十三五セント、三十三五セントの特別資金は六萬圓に三十三五セントの特別資金を以てする。一萬圓にして二十円である。

一六、海關では一萬六千円を得ている者がいる。その細目がどうなつてゐるかにあつてゐない。

マラセル 一萬六千円だ。

サマニヤ とうどこで私の見た数字では、少なうと感嘆案に、いへば日本のほうが低かつた。私は、日本の資金の内幕を知つた。

エリス 間違ひなく提出できる。さうですらう。

日本の資金を主權に異議

シヤウ、べい、つたつたの一端は神祕が日本の経済に輸入せられたら、われわれが多種の支店を求めらるゝことにはなほつたといふことだと思ふ。これがまさしく現實の問題の一端ではないだらうか。

エリス、われわれは同地に苦の毒樹を抱へ持つてゐる。さうでなければ、われわれの軍事施設を維持する見地はない。現在の露条件はなけれども。

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平和条約に賛成し
 一、主權がアメリカに存する歐亞上の盟國にのみな
 一、私たは、歴史的に重要なるものとして、
 本邦の平和親善のほかに國々から親善する地位、主權がなれ
 のの留まりの二つ一、の場所である。平和条約は條三條に違ひこの二
 ことを定めてゐる。だから私は、たゞアメリカと大韓とアフリ
 かと大英、キチヤ、大韓領その他の人々、とならぬから主權ありと
 いふ事をきこつたのみからなないであらう。
 主權が親善主權のことと想定してゐた。この部分を読み上げ
 ても、あはたは意見を述べないでよい。い
 親善主權に賛成した。私には一つである。私は一つ申すけるの
 びに日本が歐亞的親善の多くを認め原因となつたのは、その主權がな
 した。日本が親善に賛成した。主權に認められ、主權にない

欲望において出された主張ではなかつたか。
 私は日本國民が大う希望である。日本人はらしい國民だとして、誰かに日本人は低能な國民である。日本人は動物で精を出して働く國民はかにもあるまい。しかしこれと同時に、私の判断するところでは、神國は各國の防衛のために必要でなくてはならない。これを放棄する入るべきではない。これが同義語でアメリカの教條したて、教條に背つていふことである。唯一の基地なのである。これに同意されたいだろうか。
 エイルス、愛護である。神國が軍事援助に必要なら、これを放棄する希望などないと思ふ。これまでに言われてきたことはすべて、ケネディ大統領から二月十九日に所定したときを含めて、この点をきめて明白にしてゐると考へる。この点は神國を支持してゐる。日米二國の安全上の利益である。……「ケネディ、愛護」「愛護」といふ言葉か。
 エイルス、そうだ。
 ケネディ、いかなる組織があつて大統領はこういうことを言うか。
 エイルス、國際法の問題について意見を申上けることはしたくない。ジューン氏は今しがた、海軍部會の議入つてゐるが樹立ではなく、アメリカが同地に駐留する必要がなくなつても、海軍統帥が

なぜ日本の国旗を許した
サマーゼド それができるとして、なぜ琉球諸島を日本へ引渡す

私は当時、潜在主権に関するこれらの声明に反対し、国務省が繰返し潜在主権という言葉をいうのに不安をいだいた。そんな必要

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かのどのの國の國旗の場合とも同じことである。

た。すでに申し上げたように、私はアイゼンハワー大統領に手紙を書いた。そして、國務省と大統領が琉球諸島で草子の祭日に日本の国旗をあげ

(continued)

(一九六二年八月)

る。
 ような政治的要素と言へるかもしれないようなものが、確かにあ

いか。
エイルス 政策に変更があつたとは思わない。われわれは……

琉球諸島における米國の利權の目的
 エイルス あなた方は私よりもよくこれらすべてに通じているし

關係があるのは決して経済的要素の問題だけではないといふこと

であり、そういったことを背景にして、こういった問題を解決

エイルス 私はあなたを他の多量連と同じと認めていない。
は考えないが、私の主張を述べてみたい。

不設才者官方其才也

パズマン どうぞ。
 エイルズ 私はこの特別調査団のメンバーだった。少なくとも

「エイルズ、いや、
 王國に召喚されたに過ぎるのか。
 パスランは、あつたか。」

「ヨリカ、そなた」

第二に、琉球政府の自治を増すことによつて政治的摩擦を減らか

高めることができるということである。

第三に、アメリカの琉球諸島管理に対する日本の正式な協力である。

言うならば、これは三脚椅子である。いいかえれば、基本的な考えは、それに三つの面があり、三つの面は不可欠であり、独立しているということである。

バスマン これらの計画がもう少し健全にならなければ、われわれは二脚椅子で済ますことになり、それでは倒れてしまう。

— エイルズ 全く同意見だ。

ここで討議される経済援助は、三脚椅子の第三脚であり、それがないれば計画の他の部分が挫折することになる。

バスマン 確かに。

エイルズ よろしい。

米国の対日援助

われわれは日本に非常に大規模な援助計画を実施してきたのではないか。これは、われわれが検討している問題に関連があると思う。一九六一年までに総額は三十五億七千四百六十万ドルに達しているのではないか。

エイルズ それには答えられない。

バスマン この数字を正確なものとして採る。

日本の安全保障にとって琉球の重要性

われわれの琉球駐屯は、米国自身にとつと同様に日本の安全保障にとつても重要である。そうではないか。

エイルズ そうだ。

バスマン それなら当然、九千万の国民をもつ国は、琉球諸島の

八十万の市民の幸福を維持することを望み、不満を作りだそうとするはずがないではないか。

エイルズ そうあるべきだと思う。あなたの言うことを私が正しく理解しているなら。

バスマン 私が考えているのはまさにその通りだ。われわれは日本に数十億ドルの援助を行なってきた。それがわれわれのと同様に日本の安全保障のためでもあるならば、日本はこれらの人々に不満ではなく満足を感じさせるのに協力するのは当然のことではないか。

エイルズ それに同意する。それは確かに日本政府の立場である。

下院歳出小委員会聴聞会（抄）

（一九六四年六月八日）

ヘリー・C・マクファーソン二世の一般証言

マクファーソン 委員長、一九六五会計年度における琉球諸島の施政のための予算要求を支持するため、今日ここに出席できたことをうれしく思っている。私がここに出席するのは今回が初めてである。

私は現在国際問題陸軍次官代理であり、この地位は陸軍長官に代って琉球諸島の施政を監督する責務を有するものである。

私がこの地位についてから僅か六カ月しが経っていないので、私は専門家だというわけにはゆかない。しかしながら、昨年十月以来毎日、私は琉球諸島について検討考慮してきたし、また、昨年十一

1962(52年) 1,722 5,367 7,089
 1963(53年) 1,900 6,000 7,900
 主管課長へ
 本館主管、配布先等に関し御意見あれば直ちに電信課検閲班に連絡を

37 1063
 平 ワシントン省
 小坂大臣 朝海大使
 1963会計年度対外援助法案の議会要請の件
 83号
 15日付イヴニング・スターによればケネディ大統領は1963会計年度の対外援助法案において48億9700万ドルを議会に要請する趣である。
 その内訳以下のとおり(単位100万ドル)
 MILITARY ASSISTANCE (国防費) 1,500
 DEVELOPMENT LOANS 1,250
 DEVELOPMENT GRANTS 335
 SUPPORTING ASSISTANCE 500
 INTERNATIONAL ORGANIZATIONS AND PROGRAMS 148.9
 INVESTMENT GUARANTEES 100
 CONTINGENCY FUND 400
 AID ADMINISTRATIVE EXPENSES 55

* "Foreign Assistance and Related Agencies Appropriation Act"

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INVESTMENT SURVEYS 5
 丁
 配布先 次官、外務審議官、官房長、局部長、次参、総、米北、経緯、調、因、米カ、情道、内、外

外務省

宇山審議官

北東アジア課長

(三和)

宇山審議官仰照云の「米国のフリス法による沖縄

至前援助費は、本件対外援助法案の何れの項目中の

援助費に含まれるや、との問いに、~~米~~結答は、対沖縄

援助費は本件対外援助法の何れの項目にも含まれない。

即ち、フリス法による年間60万ドルを最高限度とし、経済

援助費及び行政費を含む^{米国の}沖縄関係援助費は米國

対外援助及び関係機関支出法 ("Foreign Assistance

and Related Agencies Appropriation Act") に基き

國境有千算に計上、支出されている。

因に、左法に基く対沖縄援助費の1962年度及

の1963年度の額を示せば次のとおり。

GA-6

外務省

国防省の琉球軍政費

	行政費	経済援助費	合計
1962 (支出推定額)	1,722 ⁴⁴	5,367 ⁴⁴	7,089 ⁴⁴

1963 (支出推定額)	1,900	6,000	7,900 ⁴⁴
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GA-6

外務省