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下院軍事委員會

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送付公信

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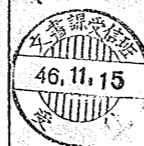
送付資料

要処理
事務官
総務
渉外
漁業
航空
科学技術
連絡
調査
渉外
局庶務

米下院米委員会事務局
米下院米委員会代理の発言

(なお、66年2月12日付同委員会報告
は米北27055号目下探索中)

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(希望配布先)

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... [No. 51] ...

SUBCOMMITTEE NO. 3 CONSIDERATION OF H.R. 12617, TO AMEND THE ACT PROVIDING FOR THE ECONOMIC AND SOCIAL DEVELOPMENT IN THE RYUKYU ISLANDS

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE NO. 3 OF THE
COMMITTEE ON ARMED SERVICES,
WASHINGTON, D.C., Wednesday, March 23, 1966.

The subcommittee met at 10:15 a.m. in room 2212, Rayburn House Office Building, Washington, D.C. Hon. Melvin Price (chairman of the subcommittee) presiding.

Mr. Price: The committee will come to order.

We have with us this morning Mr. Thaddeus Holt, Deputy Under Secretary of the Army for International Affairs, and Lt. Gen. Albert Watson, High Commissioner of the Ryukyu Islands.

I have had the opportunity to read both of their statements and that of General Watson is particularly detailed and will be useful in refreshing our minds with respect to a similar bill which we handled in 1962 and which passed the House, but failed to pass the Senate.

If there is no objection, I will now ask Mr. Holt to give his statement and General Watson will give his statement when Mr. Holt is finished.

(The bill, H.R. 12617, is as follows:)

[H.R. 12617, 89th Cong., 2d sess.]

A BILL to amend the Act providing for the economic and social development in the Ryukyu Islands, to amend the Act of July 12, 1960, Public Law 86-629, as amended, (76 Stat. 742), is amended by striking out the figure "\$12,000,000" and inserting the figure "\$25,000,000" in place thereof.

BIOGRAPHICAL SKETCH OF THADDEUS G. HOLT, JR., DEPUTY UNDER SECRETARY OF THE ARMY (INTERNATIONAL AFFAIRS)

Thaddeus Goode Holt, Jr., was appointed Deputy Under Secretary of the Army (International Affairs) effective December 10, 1965.

Previously Mr. Holt had been serving as Special Assistant to the Secretary of the Army and the Under Secretary since joining the Department of the Army on September 13, 1965. Before this Government service, he was a lawyer with the firm of Covington & Burling in Washington, D.C., specializing in litigation and administrative law matters.

Mr. Holt is responsible for advising and assisting the Secretary and Under Secretary on international security matters and foreign relations affecting the mission of the Army. Included in his areas of concern are the U.S. administration of the Ryukyu Islands, the Canal Zone Government and Panama Canal Company, positions for treaty negotiations concerning the Panama Canal and a

prospective sea level canal, civil affairs, certain security and foreign liaison matters, military support of civil defense, and various special projects.

Mr. Holt was born in Birmingham, Ala., on November 26, 1929, son of Mr. and Mrs. Thad Holt, of Birmingham. He graduated from the University of the South in 1951 with a B.S. in mathematics, and from Yale University in 1952 with an M.A., also in mathematics. From 1952 to 1954 he was a Rhodes scholar in residence at Oxford University, where his college was Christ Church; he received a B.A. degree in jurisprudence from Oxford in 1954, with an M.A. in 1959. In 1956, he graduated from the Harvard Law School with an LL.B. degree. A member of the Alabama and District of Columbia bars, Mr. Holt practiced law with the firm of Cabanis & Johnston in Birmingham from 1956 to 1958, and with the firm of Covington & Burling in Washington from 1958 to 1965.

Mrs. Holt is the former Waring Inge of Mobile, Ala. They have two children, Sarah Oliver Holt and Francis Harrison Inge Holt. They reside at 4964 Allan Road, Washington, D.C.

STATEMENT OF HON. THADDEUS G. HOLT, JR., DEPUTY UNDER SECRETARY OF THE ARMY

Mr. Holt: Mr. Chairman, gentlemen, I am Thaddeus Holt. I have been Deputy Under Secretary of the Army for International Affairs since December 10 last. I am representing the Department of Defense, and more specifically the Secretary of the Army, who, as you know, is responsible for supervising the civil administration of the Ryukyu Islands. I am glad to join with Lt. Gen. Albert Watson II, the High Commissioner of the Ryukyu Islands, in appearing before you in support of the bill before you, H.R. 12617, which would amend Public Law 86-629, familiar to us as the Price Act, to increase to \$25 million annually the standing aid authorization for the Ryukyus.

Mr. Chairman, I know that you and the members of this committee are familiar with the key role of the island of Okinawa, the principal island of the Ryukyus chain, in helping meet U.S. commitments in the western Pacific area. The strategic importance of the Ryukyus, and particularly Okinawa, is so well known that I do not need to discuss it at great length. However, a brief review may be helpful to your consideration of the proposed amendment.

The United States has developed a tremendous military base, comprising installations of all the military services, on Okinawa. These installations are important to us, principally because of their geographic location and the freedom of action which we enjoy in the Ryukyus.

The islands are located in the arc of free nations which runs from Japan and Korea in the north through Taiwan to southeast Asia. Under the terms of article III of the peace treaty with Japan the United States exercises full powers of administration, legislation, and jurisdiction over these islands, their territorial waters and their inhabitants. As a result we have freedom of movement of troops, weapons, equipment, and supplies into and out of the islands without hindrance and without the delay which might otherwise occur in meeting procedural requirements of a foreign government.

The Ryukyus serve a threefold purpose in our deployments to meet our security commitments in the Western Pacific. They provide a centrally located logistical base; they provide a close-in staging area and operational base for U.S. forces with missions in the Western Pacific; and they are an important center of military communications and transportation. Moreover, the Ryukyus serve other important

purposes, such as providing sites for major Voice of America operations. The value of this base has been demonstrated repeatedly, from the time of the Korean war to the present day. Indeed, today this base is playing an increasingly important role in the support of operations in Vietnam. Although we have the legal right to continue to use these islands freely for the important purposes which I have outlined, it is fundamental that with authority goes responsibility. Further, the effectiveness of any base obviously depends on a favorable attitude in the community in which it is located. So far, most of the people of the islands have given reasonable acquiescence to our presence, and our base on Okinawa has functioned generally in an atmosphere of cooperation and friendship.

There must also be cooperation among the United States, the Government of the Ryukyu Islands, and the Government of Japan. As to the Japanese relationship, you know that it is United States policy to retain this base only so long as conditions of threat and defense exist in the Far East. The United States Government has publicly declared that "residual sovereignty" over these islands rests with Japan. The Ryukyans are Japanese and would prefer to return to Japanese administrative control, despite their generally friendly attitude toward the United States.

In order to carry out the purposes of the Price Act that 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, our efforts must be planned carefully and must be coordinated not only with those of the Ryukyans, helping them to help themselves, but also with those of the Government of Japan. To insure that effective use be made of the various sources of funds which are available, General Watson instituted a long-range planning and programming system jointly with the Government of the Ryukyu Islands shortly after his arrival on August 1, 1964. The goals of the plan are those which had been set forth by President Kennedy in 1962—to raise 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. You may remember that following the President's 1962 announcement, the Congress raised the Price Act ceiling from \$6 million to its present level of \$12 million. Actual appropriations have reached this level in each of the last 2 fiscal years. In the development of the joint plan it became clear that it would be necessary to request amendment of the Price Act to increase the authorization if these goals were to be reached.

An increased contribution from the Government of Japan for the economic development of the Ryukyus is part of the funding for this plan. On the occasion of Prime Minister Ikeda's visit to President Kennedy in June 1961, the President welcomed Japanese cooperation in efforts to enhance the welfare and well-being of the inhabitants of the Ryukyus, and arrangements for that purpose were worked out with the Government of Japan. A Japan-United States Consultative Committee on Okinawa was established as a means of coordinating the economic aid provided by the Governments of Japan

and the United States, and within this framework Japan took steps to increase its aid on projects agreed to by the United States.

During Prime Minister Sato's visit to the Ryukyus in August 1965 he announced the Japanese Government's desire to increase further its aid to the Ryukyus. This announcement was followed by an agreement within the Consultative Committee that the Japanese aid for Japanese fiscal year 1966, which begins on April 1, 1966, would amount to \$16.1 million, an increase of \$8.2 million over the \$7.9 million made available by the Government of Japan in the previous year. Our own budget proposes to increase U.S. aid from \$12 to \$17.3 million in fiscal year 1967. In considering the amounts of aid required in support of the long-range plan over succeeding years, gradual increases have been projected in both the Japanese and United States contributions. The amounts required on the U.S. side may reach approximately \$24.5 million by fiscal year 1971.

In summary, passage of the proposed legislation is needed to support United States interests and to enable the United States to discharge its responsibilities to the Ryukyuan people. Accordingly, on behalf of the Department of Defense, I urge your approval of H.R. 12617, and I can assure you that the Department of State similarly endorses this action.

This concludes my prepared statement. If you have no questions, I suggest now that you hear from the High Commissioner, General Watson, who is prepared to testify concerning the details of the need for, and proposed uses of, the increased authorization and whom I am privileged to introduce at this time.

Mr. Price: Thank you, Mr. Secretary. I think it might be wise to defer questions until we hear from General Watson, but in the meantime, could you provide for the record a comparison of the standard of living in the Ryukyus with that in Japan and include statistics that indicate the gap in the public health, education, and social welfare areas?

Mr. Horr: Yes, Mr. Chairman.

Mr. Price: Mr. Chairman, could you also have the comparison to show any change which has taken place in the relative standards of living over the last decade, say, 1956 to 1966?

Mr. Price: In that regard, could we also have the comparison to show any change which has taken place in the relative standards of living over the last decade, say, 1956 to 1966?

Mr. Price: Also provide a comparison of the highlights of the proposed USA programs for fiscal 1967 with the approved Japanese program. Will you do that?

Mr. Horr: We can do that readily, Mr. Chairman. We have information available for both fiscal years 1966 and 1967.

Mr. Price: And then summarizing the funding policies on which the fiscal 1967 United States and Japanese aid programs are based?

(Will you proceed, General Watson?)

(The information is set out below.)

STANDARD OF LIVING: RYUKYUS VERSUS JAPAN
 Past history: Before World War II, Okinawa was the poorest prefecture of Japan. Per capita income of Okinawa averaged about \$25 per year during the 1934-36 years; whereas in mainland Japan, annual per capita income averaged

about \$60 during the same period. However, despite the poor economic state of prewar Okinawa, the Government of Japan (GOJ) central government took measures to provide the Okinawans with schools, hospitals, and welfare facilities which were adequate for that time and comparable to those in other prefectures in Japan.

Current plans: Currently Okinawa still ranks with the poorer prefectures of Japan (1962) as indicated in table A, below, with five sections.

Sections I, II, and III compares the per capita national income, disposable income, and consumption expenditures in the Ryukyus with the average in all Japan, and with 12 prefectures that are physically closest to Okinawa. Fiscal year 1962 was the latest year available when a USCAR and a GRI representative personally visited these prefectures last fall to discuss conditions and obtain factual information.

As you can see, the Ryukyus rank ahead of Kagoshima and behind the other 11 prefectures.

Section IV of the table compares the Ryukyus with the Japanese national average for which we do have statistics through fiscal year 1965.

Section V compares fiscal year 1965 price levels against the Tokyo consumer price index which is 100. We have the figures for the 12 prefectures in this case. In fiscal year 1965, prices in the Ryukyus were slightly higher than in Japan. However, the price index in Japan has made some rapid increases in fiscal year 1966, which we estimate will show that Ryukyuan prices are now equal to or less than Japan.

In Japan and the Ryukyus, another important measure is the so-called fiscal level of the budgets of the individual prefectures. The Japanese Government, in a recent consultative committee meeting in Tokyo, provided us with a fiscal year 1963 comparison with seven selected (by them) prefectures. The average prefecture expenditure totaled \$86 per person which compares with \$59 per person in the Ryukyus including Central Government functions that would be borne by Japan if Okinawa were a prefecture. Excluding those costs, the average in the Ryukyus is \$45 per person, or 52.3 percent of the average in the seven prefectures.

Concerning the three program areas of public health, education, and welfare, with which the Governments of the United States, Japan, and the Ryukyus Islands are concerned about, the serious gaps between the Ryukyus and Japan, table B, below, has certain key indicators showing these gaps.

Future plans: As stated in the opening statement, one of the primary goals of the long-range plan is to raise the levels of public health, educational, and welfare services to the extent possible by fiscal year 1971 to levels obtained in comparable areas of Japan.

TABLE A.—Comparison of income and cost of living, Ryukyus and Japanese prefectures

I. NATIONAL INCOME, PER CAPITA			
(In dollars)			
	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962
All Japan.....	301	357	419
1. Tokyo.....	584	697	802
2. Tokushima.....	227	284	323
3. Kagawa.....	280	351	384
4. Ehime.....	260	308	354
5. Kochi.....	249	295	338
6. Fukuoka.....	337	393	451
7. Saga.....	235	286	306
8. Nagasaki.....	242	272	303
9. Kumamoto.....	213	248	292
10. Oita.....	234	269	301
11. Miyazaki.....	217	244	275
12. Kagoshima.....	178	203	240
Ryukyus Islands.....	202	237	261

TABLE A.—Comparison of income and cost of living, Ryukyus and Japanese prefectures—Continued

II. DISPOSABLE INCOME, PER CAPITA

	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962
All Japan	283	289	337
1. Tokyo	448	512	596
2. Tokushima	223	275	310
3. Kagawa	265	311	353
4. Ehime	242	285	330
5. Kochi	306	340	396
6. Fukuoka	227	258	301
7. Saga	247	254	294
8. Nagasaki	266	299	323
9. Kumamoto	220	249	284
10. Oita	212	237	264
11. Miyazaki	177	201	234
12. Kagoshima	199	236	255
Ryukyu Islands	227	254	294

III. CONSUMPTION EXPENDITURES, PER CAPITA

	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962
All Japan	206	220	263
1. Tokyo	315	366	425
2. Tokushima	168	209	232
3. Kagawa	182	209	242
4. Ehime	169	192	223
5. Kochi	219	241	282
6. Fukuoka	166	189	213
7. Saga	171	196	220
8. Nagasaki	162	176	196
9. Kumamoto	163	183	204
10. Oita	172	187	193
11. Miyazaki	155	172	194
12. Kagoshima	168	172	194
Ryukyu Islands	168	172	194

(Tokyo=100.0)

	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962
All Japan	100.0	100.0	100.0
1. Tokyo	151.4	160.8	181.2
2. Tokushima	81.5	95.0	107.5
3. Kagawa	89.3	95.0	107.5
4. Ehime	81.5	86.9	99.7
5. Kochi	106.8	119.5	136.9
6. Fukuoka	80.6	85.8	99.7
7. Saga	83.8	88.9	100.0
8. Nagasaki	79.3	85.8	99.7
9. Kumamoto	79.3	85.8	99.7
10. Oita	83.8	85.8	99.7
11. Miyazaki	75.3	78.9	90.2
12. Kagoshima	81.5	85.8	99.7
Ryukyu Islands	81.5	85.8	99.7

TABLE A.—Comparison of income and cost of living, Ryukyus and Japanese prefectures—Continued

IV. COMPARISON OF RYUKYU ISLANDS WITH JAPANESE AVERAGES

	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963	Fiscal year 1964	Fiscal year 1965
National income, per capita:						
All Japan	301	337	419	460	528	687
Ryukyu Islands	292	337	391	299	322	364
Disposable income, per capita:						
All Japan	283	289	337	477	431	488
Ryukyu Islands	199	236	255	285	304	344
Consumption expenditures, per capita:						
All Japan	206	220	263	342	384	484
Ryukyu Islands	158	172	194	215	237	261

V. COMPARISON OF PRICE LEVELS

(Tokyo=100.0)

	Fiscal year 1965	Fiscal year 1965	
All Japan	95.1	All Japan—Continued	
1. Tokyo	100.0	8. Nagasaki	97.5
2. Tokushima	88.1	9. Oita	95.0
3. Kagawa	97.6	10. Kumamoto	97.0
4. Ehime	86.4	11. Miyazaki	95.1
5. Kochi	97.2	12. Kagoshima	95.1
6. Fukuoka	88.4	Ryukyu Islands	100.0
7. Saga	96.2		

(Tokyo=100.0)

TABLE B.—Comparative data on health, education, and welfare for the Ryukyu Islands and Japan

	Ryukyus, fiscal year 1965	All Japan, fiscal year 1964
I. HEALTH		
Doctors:		
Number	883	106,512
Population served per doctor	2,444	898
Dentists:		
Number	103	84,517
Population served per dentist	9,087	2,772
Nurses (clinical and public health):		
Number	846	218,021
Population served per nurse	1,106	439
Hospital beds:		
Total beds	3,704	794,434
Number per 100,000 population	396	826
TB beds	795	235,150
Number per 100,000 population	85	245
NP beds	475	136,387
Number per 100,000 population	51	142
Crude death rate per 1,000 population	5.3	9.9
Birth rate per 1,000 population	21.5	17.3
II. EDUCATION		
1. Per capita school expenditures (1964):		
Kindergarten	\$24.25	\$61.21
Elementary	45.84	96.53
Junior high	68.12	92.20
Special	348.86	748.21
Senior high (day)	130.67	180.69
Senior high (night)	70.93	160.02
2. Pupils per classroom (1963):		
School:		
Elementary	43.3	36.0
Junior high	46.9	42.3
Senior high (day)	43.5	()
Senior high (night)	38.8	()
III. WELFARE PROGRAMS		
1. Social insurance:		
(a) Public Service personnel retirement annuity	()	()
(b) Medical insurance program	()	()
(c) Unemployment insurance	()	()
(d) Workmen's accident compensation insurance	()	()
(e) Workmen's annuity insurance	()	()
(f) Old-age and survivors (national pension)	()	()
(g) GRI Employees' Mutual Aid Association	()	()
2. Public assistance (livelihood protection)		
Total (per family per month) ¹	\$27.28	\$36.15
Livelihood assistance	22.79	32.67
Housing assistance	4.17	2.67
Educational assistance	.32	.51

¹ Not available.
² July 1, 1966.
³ In operation.
⁴ Estimated, fiscal year 1967.
⁵ Estimated, fiscal year 1968.
⁶ Estimated, fiscal year 1971.
⁷ Payments to Ryukyuan and Japanese households of similar economic status residing in towns and villages. Amount based on household consisting of 6 members. Excludes surplus agricultural commodities (P.L. 489, title III, program). Data for May 1965.

TABLE C.—Comparison between Ryukyus and Japan to show change which has taken place in relative standards of living over last decade

	Fiscal year 1955	Fiscal year 1965	Percent increase
PER CAPITA GROSS NATIONAL PRODUCT (GNP)			
Ryukyus	\$167	\$396	137
Japan	270	729	170
PER CAPITA NATIONAL INCOME			
Ryukyus	\$149	\$364	144
Japan	209	682	178
CONSUMERS' PRICE INDEX			
Ryukyus (fiscal year 1961=100)	94.4	108.9	14.5
Japan (1960=100)	90.7	126.0	35.3
AVERAGE ANNUAL INCOME PER WORKER			
	1955	1964	Percent increase
Ryukyus	\$377	\$766	100
Japan	659	834	68

TABLE D.—Proposed United States/Japan aid program budgets fiscal year 1967 (January fiscal year 1968)

U.S. sub-project	Fiscal year 1966			Fiscal year 1967			Total ext. aid (10)
	U.S. ARIA	Japan	Total ext. aid (4)	Under current authorization (6)	U.S. ARIA increase under proposed authorization (7)	Japan	
(1)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
8721 Reimbursement for Government services:	\$1,200		\$1,200	\$1,200			\$1,200
1. Public safety.....	800		800	800			800
2. Public health and sanitation.....	400		400	400			400
8722 Contribution to Government projects:							
1. Education.....	2,955	\$1,082	4,037	4,235	\$4,175	8,410	12,587
(a) Teachers' salaries.....	1,000	1,000	2,000	1,000	4,000	5,000	10,288
(b) Construction.....	915	1,050	1,965	1,800	1,800	3,600	5,565
(c) Equipment and supplies.....	730	902	1,632	1,935	1,223	3,158	4,805
(d) University of Ryukyuu and other.....	320	140	460	500	175	675	1,133
2. Social welfare.....		335	335	500	500	800	1,100
(a) Capital-G.I. retirement annuity.....		335	335	335	335	670	1,005
(b) Other.....				165	165	330	430
(c) Other.....		335	335	165	165	330	464
3. Public health and medical.....	997	1,000	2,047	995	1	995	2,052
(a) Disease control.....	430	55	485	450	450	900	1,385
(b) Health and medical facilities and equipment.....	567	954	1,521	500	500	1,000	1,521
(c) Treatment of patients.....		64	64				64
4. Public safety.....	125	75	200	50	50	50	250
5. Public works.....	4,888	1,795	6,683	2,885	995	3,880	5,614
(a) Roads and bridges (excluding farm).....	1,000	210	1,210	450	500	950	1,450
(b) SV for Sikkhama Islands.....	2,888	5	2,893	1,430	1,430	2,860	4,323
(c) Other.....	1,123	1,577	2,700	985	385	1,370	2,375

5. Economic development.....	225	2,985	3,210	100	200	300	2,985
(a) Agricultural and development.....	225	295	520	100	200	300	520
(b) Farm roads and retaining walls.....		330	330				330
(c) Capital for CBO and Peoples Finance Corporation.....		1,100	1,100				1,100
(d) Other.....		947	947				947
8723 Transportation of commodities.....	5	5	10	5	5	10	10
8724 Technical education and training.....	780	220	1,000	885	885	1,770	2,575
8725 Technical cooperation.....	745	440	1,185	1,050	1,050	2,100	3,285
Grand total.....	12,000	7,964	19,964	12,000	5,310	17,310	33,424

SUMMARY OF FUNDING POLICIES FOR FISCAL YEAR 1967

As stated in my opening statement, our studies revealed that three programs seriously lag behind Japan. They are public health, education, and welfare. The communique issued in January 1965 following the talks between President Johnson and Prime Minister Sato of Japan stated that "they confirmed that the United States and Japan should continue substantial economic assistance to the Ryukyu Islands in order to advance further the welfare and well-being of the inhabitants of these islands." Our studies further indicated that Japan would be paying for a substantial portion of these costs if Okinawa were once again her prefecture; that Japan would be providing many other central government services, thus relieving the Ryukyus of a substantial financial burden.

We decided that it would be cumbersome for the United States and Japan to try in a partnership effort to assist the Ryukyus financially in defraying all the many costs of central government functions. Therefore, we proposed, and the Japanese Government accepted, a proposition that we channel substantial assistance into the three social programs, public health, welfare, and particularly education. By doing this, the Government of the Ryukyu Islands would not only have adequate funds for these programs, but would also have certain of its own revenues freed for use in adequately meeting costs of the other central government functions. Therefore, these three programs were our first priority for funding.

For the U.S. budget, we also placed a high priority on continuing our reimbursement to the local government for public safety, public health, and sanitation services rendered in support of U.S. forces.

The next funding priority for the United States and Japan funding was assigned to continuation of the key programs of technical education and training and technical cooperation.

The final priority went to continuation by the United States and Japan of vital economic and public works assistance. These were developed on a selected project basis to continue assistance to certain key projects that support continued rapid economic development.

General WATSON: I have a statement which I am prepared to read. However, should the committee desire, I will submit it for the record and I am prepared to brief orally, if you desire.

Mr. PRICE: Well, I think since the 1962 hearing has been such a gap, it may be well for you to go through the statement at least and give us the highlights of it so that the full committee will be familiar with the problem.

General WATSON: Very well, sir. Then I will not read the entire statement, but give the highlights.

Mr. PRICE: Highlights, significant enough that the committee would understand just exactly what is the problem that we are dealing with this morning.

General WATSON: Very well, sir. I will do that.
(General Watson's complete statement follows:)

BIOGRAPHICAL SKETCH OF LT. GEN. ALBERT WATSON II

Albert Watson II was born in Mount Vernon, Ill., January 5, 1900. He graduated from the U.S. Military Academy in 1930 and was commissioned a second lieutenant in the field artillery.

After 4 years of duty as a battery officer at Fort Myer, Va., he attended the regular course at the Field Artillery School, Fort Sill, Okla., graduating in 1935; and the advanced horsemanship course, graduating in 1936. He remained at the Field Artillery School as an instructor and detachment commander until he was reassigned to Fort Riley, Kans., in 1941 to command a firing battery of the 3d Field Artillery Battalion. After a year as battery commander he was placed in command of the battalion. During the period he commanded the battalion he attended the Field Artillery School field officers course. In 1943 he returned to Fort Sill, Okla., and served for a year as an instructor in the field officers course.

In June 1944, he graduated from the Command and General Staff College and was assigned as assistant artillery officer of the 10th Army. He went overseas in August 1944 and served with the XXIV Corps and 6th Army in Hawaii, Hollandia, and Leyte. Returning to the 10th Army, he remained through the Okinawa operation, reporting to General Headquarters, Pacific, for duty in the G-3 section in October 1945.

After serving for 2 years with G-3, General Headquarters in Tokyo, he was transferred to the United States for amphibious training duty with the Navy in Coronado, Calif. In May 1950, he was assigned to the faculty of the Army War College, first at Fort Leavenworth, Kans., and later at Carlisle Barracks, Pa.

In the summer of 1953 he was sent to Korea where he commanded successively the X Corps Artillery and the 3d Infantry Division Artillery. In September 1954, he was appointed Assistant Chief of Staff, G-3 for the 1st Army, Governors Island, N.Y. In July 1955, he was assigned to the Office of the Deputy Chief of Staff, Personnel, Department of the Army, Washington, D.C. His assignment in that office as Director of Programs terminated in July 1958. General Watson assumed command of the 24th Infantry Division Artillery, Munich, Germany, on September 16, 1958. In April 1960, he assumed command of the 3d Infantry Division and, in May 1961, became the U.S. Commandant and Commanding General, U.S. Army, Berlin. On February 2, 1963, he assumed command of 3d U.S. Army with headquarters at Fort McPherson, Ga. On August 1, 1964, General Watson became Commanding General, USARYIS/IX Corps, and High Commissioner of the Ryukyu Islands.

STATEMENT OF LT. GEN. ALBERT WATSON II, U.S. ARMY

General WATSON: Mr. Chairman, gentlemen, it is a pleasure to appear before you in support of the bill, H.R. 12617, which would increase the aid authorization to the Ryukyu Islands in the Price Act from \$12 to \$25 million. This proposed new ceiling is the same as that which in 1962 was approved by the House of Representatives. The 1962 proposal was based upon a report of an interdepartmental task force dispatched to the Ryukyus by President Kennedy in September 1961 to review the economic and social problems. The current request is based upon conditions some 4 years later.

The United States is responsible for promoting the welfare and well-being of the Ryukyuan. We have made considerable progress in this respect over the past year. Economic growth, increases in national income, and the general standard of living have continued at a high level. The political situation, which was somewhat agitated by the attempted resignation of the GRI chief executive when I first arrived in Okinawa, has become relatively stable. It is an uneasy stability, and must be recognized as such, since for 20 years our tenure in the islands has been considered to be indeterminable, with the ultimate goal of returning the islands and the people to their status as prefecture of Japan.

The past year has seen an increase of threats and tensions in Asia. This is caused primarily by the situation in Vietnam. The Okinawa military base is vitally important in the defense of the United States, Japan, and our other allies in the western Pacific. This was demonstrated during the past year when we were able rapidly to redeploy troops and supplies from Okinawa to Vietnam. Our unilateral flexibility of decision and movement lies in the exclusive administrative rights held by the United States under article 3 of the Treaty of Peace with Japan. The continuation of this unilateral flexibility is essential.

[Deleted.]
General WATSON: For the record, I believe it would be well to include a few pertinent historic facts. Prior to World War II, the

Ryukyu Islands constituted one of 47 prefectures of Japan, the Okinawa prefecture. After the war, the United States alone occupied the islands as a territory separate and distinct from Japan. The occupation of Japan proper was nominally under authority of the allied powers.

In 1952, the Treaty of Peace with Japan provided for the administrative separation of the Ryukyu, and in article 3 stated that—

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.

Since then, the United States has remained in the islands as the sole administrative authority, and has built its vital military support base which, as stated by the President in 1962—

... helps us assure our allies in the great arc from Japan throughout south-east Asia not only of our willingness but also our ability to come to their assistance in case of need.

In the peace treaty, Japan did not renounce all right, title, and claim to the Ryukyus, as she did to Korea and Formosa. Since 1951, the United States has recognized that Japan has "residual sovereignty" over the islands, a term first used by former Secretary of State Dulles in describing the relationship of the islands to Japan. As a result of the recommendations of the aforementioned interdepartmental task force, President Kennedy stated in pertinent part that:

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 to 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 * * * and I quote the two pertinent ones * * *

(1) 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 obtained in comparable areas in Japan * * *

(2) 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 * * *

It was at this point that the President in 1962 requested the Congress to raise the Price Act authorization. The Congress has appropriated the full \$12 million approved in 1962 for the past 2 years, fiscal year 1965 and fiscal year 1966.

Continuing with the historical background, on the 12th and 13th of January 1965, President Johnson and Prime Minister Sato met in Washington to exchange views. The communique issued after the meetings stated in part:

The President and the Prime Minister recognized the importance of U.S. military installations on the Ryukyu and Bonin Islands for the security of the Far East. The Prime Minister expressed the desire that, as soon as feasible, the administrative control over these islands will be restored to Japan and also a deep interest in the expansion of the autonomy of the inhabitants of the Ryukyus and in further promoting their welfare. Appreciating the desire of the Government and people of Japan for the restoration of administration to Japan, the President stated that he looks forward to the day when the security interest of the free world in the Far East will permit the realization of that desire. They confirmed that the United States and Japan should continue substantial economic assistance to the Ryukyu Islands in order to advance further the welfare and well-being of the inhabitants of these islands. They expressed their satisfaction with the smooth operation of the cooperative arrangements between the United States and Japan concerning assistance to the Ryukyu Islands. They agreed in principle to broaden the functions of the existing Japan-United States Consultative Committee so as to enable the Committee to conduct consultations not only on economic assistance to the Ryukyu Islands but also on other matters on which the two countries can cooperate in continuing to promote the well-being of the inhabitants of the islands.

Over the past 18 months, additional authority and powers have been granted to the local government. With this growth in autonomy the local government has become more effective and responsible. A signal step forward on the road to increased autonomy occurred on the 20th of December 1965, when the President signed Executive Order 11263. Now the Ryukyu chief executive shall be elected by a majority of the Ryukyuan legislative body. This replaced nomination by the legislature and appointment by the High Commissioner.

Another important recent accomplishment has been the joint development by the Government of the Ryukyu Islands and the United States Civil Administration of a formal long-range planning system and a long-range plan, which were referred to earlier by Secretary Holt. This was done to insure that long-range goals and objectives were identified and relative priorities were established between programs to provide the optimum application of available resources. The first phase of the plan was completed on March 18, 1965. Since then the Ryukyuan Government and the United States Civil Administration have continued to identify those program elements that needed acceleration to achieve the United States goals for the Ryukyus and meet the reasonable desires of the inhabitants. The goals of the long-range plan are derived from the U.S. policy set forth in the Price Act and in Executive Order 10713, and from the goals stated in the White House statement of March 19, 1962—which is the President's statement I referred to earlier. Those goals are to insure that—

1. The public sector contributes all it can to optimum economic development and promotes cultural advancement; and

2. The levels of public health, educational, and welfare services advance toward levels obtained in comparable areas of Japan and reach them, to the extent possible, by the end of fiscal year 1971.

Off the record: In addition to the above, the following goals were set forth (Discussion off the record.)

General WARSON: Analyses of the education, social welfare, and public health programs were completed in the summer of 1965 in time to revise the long-range plan for use in the simultaneous preparation of the proposed United States and Japanese Governments' aid programs for fiscal year 1967 and (JFY 1966).

Gentlemen, annually we have the difficult but most interesting problem of developing programs and budgets that will be acceptable to three separate governments. We attempt to insure that the total annual program for the Ryukyus is consistent with the goals of the long-range plan. The Ryukyus lag behind comparable areas of Japan in such important programs as public health, education, and social welfare.

[Deleted.]

In view of the foregoing, we proposed for fiscal year 1967 that the United States and Japan provide more needed financial assistance to the local Government of the Ryukyu Islands, particularly for education, public health, and welfare services. Since then, two significant actions have occurred.

The first action was on September 20, 1965, at a meeting of the United States-Japan Consultative Committee in Tokyo when the Japanese Government was invited to assist in raising the levels of public health, education, and welfare to those prevailing in comparable areas of Japan by the end of fiscal year 1971, and to continue to contribute to the economic development of the islands. [Deleted.] The Japanese Government agreed to provide \$16.1 million for JPY 1966, which is similar to our fiscal year 1967.

The second is the introduction of the bill before you to raise the authorization for U.S. aid at the request of the executive branch in order that the U.S. contribution can be increased to be commensurate with the situation today.

The budget proposal for fiscal year 1967 of \$17.3 million is based on requirements [deleted].

With the increase in its own revenues and those from the United States and Japanese Governments anticipated in fiscal year 1967, the budget of the Government of the Ryukyu Islands is expected to be about \$87 million.

The funds that are released by the increased United States and Japanese funding will be utilized by the Government of the Ryukyu Islands for a number of important activities. These include, among others, meeting the increased costs for operation and maintenance of the expanding school system, and for the government's increased contributions to the expanded social insurance program; financing additional much-needed economic and public works projects; and increasing its financial assistance to the municipal governments. Also, the released funds will assist the Government of the Ryukyu Islands in meeting the costs of Central Government functions which it must finance while separated from Japan, without neglecting other important activities.

At this point, I would like to insert in the record and discuss chart A, which shows gross national product and national income. This information is taken from the long-range plan, and it is in accord with the request that the chairman made earlier this morning.

Mr. PRICE. Without objection, it will be printed in the record along with any other charts that you desire to submit.

(The charts submitted with General Watson's statement are as follows:)

CHART A
GROSS NATIONAL PRODUCT
IN CONSTANT DOLLARS AFTER FY '65

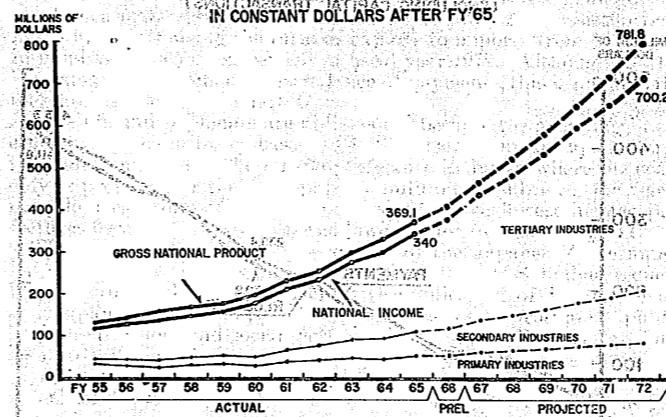


CHART B
COMMODITY EXPORTS AND IMPORTS

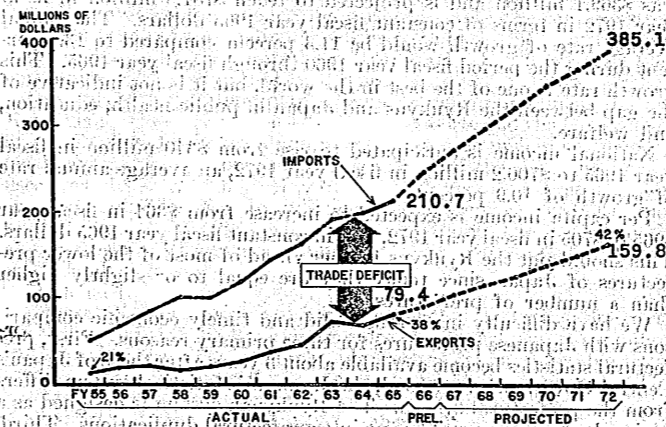
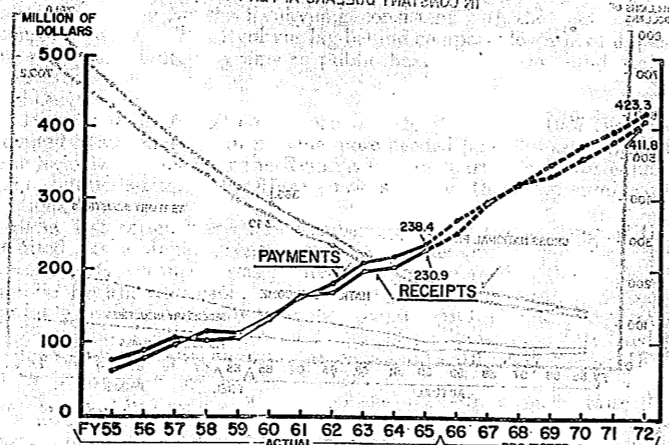


CHART C
FOREIGN RECEIPTS AND PAYMENTS
(EXCLUDING CAPITAL TRANSACTIONS)



General Watson. The gross national product in fiscal year 1965 was \$369.1 million and is projected to reach \$781.8 million in fiscal year 1972 in terms of constant fiscal year 1965 dollars. The annual average rate of growth would be 11.3 percent compared to 13.1 percent during the period fiscal year 1960 through fiscal year 1965. This growth rate is one of the best in the world, but it is not indicative of the gap between the Ryukyus and Japan in public health, education, and welfare.

National income is anticipated to rise from \$340 million in fiscal year 1965 to \$700.2 million in fiscal year 1972, an average annual rate of growth of 10.9 percent.

Per capita income is expected to increase from \$364 in fiscal year 1965 to \$705 in fiscal year 1972, also in constant fiscal year 1965 dollars. This should put the Ryukyus further ahead of most of the lower prefectures of Japan since today they are equal to or slightly higher than a number of prefectures.

We have difficulty in making valid and timely economic comparisons with Japanese prefectures for three primary reasons. First, prefectural statistics become available about 3 years after those of Japan's Central Government. Second, the Ryukyus' statistical system differs from the prefectural system. The Ryukyuan system is designed as a national government and has no interprefectural duplications. Third, there are no precisely comparable prefectures to the Ryukyus as will be shown in these next two charts.

Chart B shows commodity imports and exports, actual through fiscal year 1965, and the long-range plan projections through fiscal year 1972. The large imbalance in trade results from the lack of raw materials in the Ryukyus. The main exports are sugar and pine-

apple to Japan. Japan subsidizes the high cost of sugar production by paying much higher prices than she pays to other countries which are competitive on the world market. In the long-range plan, government measures, such as subsidies, are programmed to assist private industry in increasing the ratio of exports to imports from 38 percent in fiscal year 1965 to 42 percent in fiscal year 1972. Although chart B indicates a heavy deficit in the balance of payments, this is not actually the case as shown on chart C.

Receipts and payments are about equal because the spending in the economy by the military base and U.S. personnel makes up the large imbalance in trade. There is no prefecture in Japan where the economy is propped for the most part by military spending. Our "comparable area" comparisons are derived from the lowest income prefectures because Okinawa was the lowest prior to World War II. The rapidly expanding aid program of the Japanese Government has changed the character and complexion of our U.S. budget request. We seek to develop the most effective application of United States and Japanese aid so as to bolster the three social programs—public health, education, and social welfare—in which the Ryukyus are substantially behind Japan.

[Deleted.]
General Watson. At the same time we seek to insure that the activities and individual items funded are of highest priority to the local government. Our principal programming job in the Ryukyu Islands is to insure that the government develops an annual program which is best suited to achieving the objectives of the long-range plan. With many unfulfilled requirements remaining in the developing society of the islands, we realize that the local government, in its eagerness, must not program beyond its execution capabilities and the ability of the economy to absorb the total government program. For fiscal year 1967, this limit is estimated to be about \$87 million. Our current long-range plan is based upon our judgment that the Ryukyuan economy vitally needs and can absorb, and the Government of the Ryukyu Islands can administer, increases in budget planning levels averaging 13.3 percent for each year of the planning period, fiscal year 1968 through fiscal year 1972. If this proves true, the Government of the Ryukyu Islands budget will increase to \$163 million by fiscal year 1972. This will enable a substantial reduction of the gaps between the Ryukyus and Japan in the level of public health, education, and welfare.

[Deleted.]
General Watson. Mr. Chairman, in order that the United States can assist the people of the Ryukyus in more rapidly achieving a standard of living similar to that in comparable areas of Japan, favorable action by the Armed Services Committee is respectfully requested. This concludes my opening statement.

Mr. Price. Thank you very much, General.

Now, basically, the principal policies of the Government of the Ryukyu Islands and the United States group, the long-range plan, is what?

General Watson. In the briefest of terms, to provide a social and economic situation [deleted] which is similar to those obtaining in comparable areas of Japan. [Deleted.]

Mr. PRICE: Who sits on this United States-Japan Consultative Committee?

General WATSON: The U.S. representative is our Ambassador to Japan, the Honorable Edwin Reischauer, and the Foreign

Mr. Burns: Foreign Minister Shiina of the Japanese Government.

General WATSON: And the Director General of the Prime Minister's Office, Mr. Yasui.

Mr. PRICE: Do you get together on an annual basis or more frequently?

General WATSON: It is on an on-call basis which is more frequently than annual.

[Deleted.]

Mr. PRICE: [Deleted.] I was about to ask what system you now use in acquiring [deleted] land.

General WATSON: We have a system, of course, where the military service desiring the use of the land must completely justify the land and provide information which includes such things as whether or not the man may continue—the owner may continue—to farm the land if it is farmland or he may continue to use it even after we have taken control of it, whether any standing improvements must have to be removed, whether some land in another area would not do better. In other words, the military service must completely justify the requirement for this land.

Mr. STAFFORD: Mr. Chairman, could the general comment on to whom the justification has to be made? Who decides?

General WATSON: I, as the High Commissioner.

The next move is to go to the Government of the Ryukyu Islands and inform them of the problem. They look at it to determine what the local conditions are with regard to the impact upon the owners—the impact upon them of the requirement for this land. In other words, if they are forced to move off entirely, is it their sole source of revenue; is it their livelihood entirely? If they have a house there, this is a serious matter and the Government of the Ryukyu Islands then attempts to see whether it has lands under its control to which these individuals may be displaced in order to minimize the adverse effect of the taking of the land.

Mr. PRICE: Do you recall what the land acquisition requirements were said to be back about 1957, I think it was, when we had the big land acquisition problem there, that there was so much opposition and we made some adjustments then?

General WATSON: I would like to provide it for the record.

(The following material was received for the record.)

Initially, and subsequent to the occupation policy of land seizure under the rules of land warfare, the U.S. agencies acquired a so-called "determinable estate" interest which gave the United States full use and possession of the land with a single payment to be made in full at current fee value, title remaining with the Ryukyuan owners. By 1958, this method of land taking had generated violent opposition because landowners were convinced that title to lands taken under the determinable estates procedure had passed to the United States and that their lands were completely lost to them by subterfuge. This conviction gave rise to unusually serious consequences because of unique traditional relationship of a Ryukyuan to his land holdings. The sensitivity of this land question is further highlighted by the fact that in this area, with perhaps the world's greatest population density, the United States had, by 1964 acquired about 34 percent of the entire Ryukyu Islands land area and 26 percent of the land area

of Okinawa. Furthermore, the Government of Japan was so concerned in the matter that it made it the subject of official diplomatic representations.

Recognizing the inequity in the situation, and its potential for generating increasing Ryukyuan and Japanese dissatisfaction and resentment, a conference was held in Washington to review the land policy. This conference, held in the Pentagon and attended by representatives of the Government of the Ryukyu Islands (GRI), and Defense, Army, and State, resulted in the abandonment of the determinable estate, single-payment concept, and the adoption of an indefinite leasehold procedure, the details of which were to be determined by a Joint Land Conference to be convened in Okinawa. In a series of five meetings, this Conference hammered out the details of the new leasehold procedure—a procedure which was formalized in HICOM Ordinance No. 18, dated January 13, 1959. Briefly, the new concept provided for U.S. land tenure under two types of leaseholds: temporary (less than 5 years), and indefinite (for 5 years or longer); all such leaseholds being acquired by the GRI under a master lease arrangement with the United States.

In September 1959, at the time of revision of our land acquisition program, our land holdings were 66,817 acres; as of December 15, 1965, they were 75,664 acres.

[Deleted.]

Mr. PRICE: Have there been any areas there that in the last 10 years—well, put it since the problem of 1957, the last 7 or 8 years that you have been able to turn back to the local economy?

General WATSON: Yes, sir. We make a periodic report on this subject, and I would be glad to provide that for the record, if I might.

(Approximately 2,260 acres of land have been relinquished since 1957.)

I might say in terms of total acreage, it is relatively minor, but we constantly review and turn back what we don't need.

Mr. PRICE: Has there been any local demand for return of additional U.S. occupied areas to the local economy?

General WATSON: Yes, there are demands from time to time, Mr. Chairman.

Mr. PRICE: Has there been any serious trouble?

General WATSON: Well, there is one—in a sense there is one that has done this—and this is a case where our jet aircraft are making so much noise that the schoolchildren for a great part of their schoolday are unable really to study. They can't study during those times because those jets are so noisy.

Mr. PRICE: But the amount of land you have turned back you say has been inconsequential in recent years?

General WATSON: Yes, sir.

Mr. PRICE: Has it been completely cleared for them and returned so that if it is farmland they could go right to work on it?

General WATSON: It has either been done or they have been compensated for it, whichever was appropriate in accordance with the rules.

We are not inconsiderate of these people. We are not cavalier with them at all. If an oversight or a failure to understand their position does occur, we rectify it as soon as it is called to our attention.

Mr. PRICE: So that you have not had any real trouble in the last few years because of the land acquisition problem?

General WATSON: That statement is correct, sir.

[Deleted.]

Mr. PRICE: I think that is important.

General WATSON: Yes, sir.

Mr. PRICE. Because I remember the time we had a program underway to encourage many of these people to move to other islands. Do we still have such a program?

General WATSON. It isn't effective. We have immigration to other continents such as South America.

Mr. PRICE. But not with any encouragement from—

General WATSON. Not as a program as such. There is movement to Japan of some of these people.

Mr. PRICE. I was not thinking of Japan. I was thinking of some of the other Ryukyu Islands.

General WATSON. Of the islands. No. There is no formal program.

Mr. Holt. Mr. Chairman, if I may, one figure that might be of interest to the committee is that approximately 25 percent of the total acreage of Okinawa is now used by U.S. agencies.

Mr. PRICE. How many percent?

Mr. Holt. Twenty-five percent.

Now much of that land is not suitable for production. The estimate we have is that approximately 7 percent of the arable lands is presently used by U.S. agencies.

[Deleted.]

Mr. PRICE. How has the amount of the Government of Japan assistance compared with that of the United States for the past 5 years?

General WATSON. We have these figures right here, sir. May I provide them—should I read them?

Mr. PRICE. Yes.

General WATSON. Beginning with 1962 and moving down in successive years through fiscal 1966, I will read these in two columns:

United States, \$5.4 million; Japan, \$0.6 million; 1963, United States, approximately \$7 million; Japan approximately \$3 million; 1964, United States, \$7.9 million; Japan, \$5 million. And then in the next 2 years the United States has \$12 million each, as against \$5.2 million in 1965 for Japan and roughly \$8 million in 1966 for Japan.

So we have been variously a hundred percent more or a little bit greater, and 30 percent more than Japan in the last 2 years.

[Deleted.]

Mr. PRICE. Well, now, since the cooperation program has been working, have we made any proposals that the Japanese have not been able to come up with funds for?

General WATSON. Nothing major that I know of, sir. [Deleted.]

Incidentally, we put our heads together in my administration and realized that we were going to have to make some changes. We realized back in the fall of 1964 that we didn't have a proper long-range plan, so we prepared one with the GRI. The plan made it clear that we needed more money in certain activities, particularly these three that Mr. Holt and I have been emphasizing today, education, public health, and public welfare, social security.

And as far back as early as the late fall of 1964 we knew we were behind in some of these programs and really were going to have to get out and move forward if we were going to make any reasonable progress in order to be comparable with those areas of Japan which are similar to Okinawa. So we went ahead then and realizing that this situation was as it was, we worked up a current revision of the long-range plan and then went to the Japanese Government and suggested some of these increases to them. [Deleted.]

Mr. PRICE. Where are the major gaps in the programs?
General WATSON. The gaps are in these three, really: In education—

Mr. PRICE. Specifically, for instance, in the public health area, what are you thinking about?

General WATSON. Public health we need—

Mr. PRICE. Education we can understand.

General WATSON. Yes, sir.

Mr. PRICE. It is the cost of the teaching corps—

General WATSON. Buildings, school buildings, equipment for the school, so on.

Mr. PRICE. But in the public health area, what concerns you?

General WATSON. Primarily we have a shortage of doctors, nurses, and interns. We have a need of more hospitals, hospital facilities. We need money for surveys, health surveys to go out in the communities—for example, we have learned that in one area the incidence of trachoma is way up in the eighties—85 percent. In other words, almost 9 out of 10 of the people in that particular community have an eye disease called trachoma, which is caused by filth.

Also there is filariasis, which is an elephantiasis type of disease. They have made great progress on malaria. Tuberculosis is one that needs considerable assistance.

The numbers of doctors, nurses, and dentists per thousand people are very sad indeed, and if you like, we will present them for the record, the Ryukyu Islands compared to Japan.

Mr. PRICE. Yes. Will you—

(For information requested see p. 5636.)

General WATSON. The latest figures we have, we have in Okinawa an average population, sir, per doctor, of 2,444. In all Ryukyus, this is.

Mr. PRICE. And what do you say the Japanese figure is?

General WATSON. 898—that is just a little bit more than one-third of the number of people per doctor in the Ryukyu Islands. Population per dentist is about a fourth of the number in Japan, as compared to the Ryukyus. Ryukyus, 9,087 people per dentist; in all Japan, 2,772. Nurses, a similar sad picture. In the Ryukyus, population, sir, per nurse, is 1,106; in all Japan, 439. And the hospital beds, of course, number per 100,000 population in the Ryukyus, 396; in all Japan, 826. And I could go on down, sir.

Mr. PRICE. Will you supply these figures for the record?

(For information requested see p. 5636.)

General WATSON. Yes, sir. It happens that our death rate per thousand population is better in the Ryukyus right now than it is in Japan. Of course, their traffic problem in some of the cities up there I think is bad enough to make up for part of that difference, anyway.

Mr. Burns. Mr. Chairman, we have also supplied similar statistics for the other areas in which we lag.

Mr. PRICE. What is the main problem in the social welfare area?

General WATSON. This is a matter of social security benefits. We actually have not only shortages in the coverage, but amount of coverage.

Mr. PRICE. Can you compare that with what it is in the rest—

General WATSON. In the homeland. Yes, sir.

(For information requested see p. 5636.)

Mr. PRICE: What is the population of Okinawa and the size of it?
General WATSON: The population is about 933,000, sir; a million in round figures.

Mr. HICKS: How large is Okinawa?
General WATSON: Sixty-two miles long; at the widest point some 16, 18 miles; at the narrowest point, 2 miles. It runs northeast and southwest. It is quite hilly in the northern sector.

Unfortunately, much of the land that is arable is only in one sector, that is in the southern third, and there is where the heaviest density population in the world exists.

Mr. HICKS: You say 7 percent of the arable land is used by—

General WATSON: Used by U.S. agencies.

Mr. HICKS: And how far is it from the Japanese homeland?

General WATSON: About 2 hours flying time. We have distances.

Around 450 miles.

Mr. BURNS: 970 miles to Tokyo. About a half of that or a little less to the southern island of Japan, Kyushu.

Mr. HICKS: Thank you.

General WATSON: About 400 miles from China; the mainland of China.

Mr. PRICE: General, how much in dollars and by percent is the Government of the Ryukyu Islands contributing to its own operations?

General WATSON: Running down, sir, I have it all the way back from 1951 on up to estimate for the next fiscal year.

Mr. PRICE: Would you supply the general information for the record and then let us have now what the present situation is.

General WATSON: Yes, sir.

(The following information was received for the record.)

Receipts of the Government of the Ryukyu Islands, fiscal years 1951-66

(Dollars in thousands)

Fiscal years	Revenue internally generated	Total revenues and grants	Percent internally generated
1951 (April 1950 to March 1951)	\$2,438.8	\$10,247.2	23.6
1952 (April 1951 to June 1952)	8,621.0	17,247.0	49.1
1953 (July 1952 to June 1953)	8,940.6	12,227.2	72.5
1954	11,818.8	14,398.3	82.1
1955	13,052.4	16,400.9	79.8
1956	16,408.1	19,534.9	82.7
1957	17,608.8	19,240.3	91.5
1958	18,093.2	20,577.6	87.9
1959	19,503.6	21,364.0	91.2
1960	21,660.0	23,303.0	92.9
1961	23,966.0	26,833.0	89.3
1962	28,486.0	32,881.5	86.6
1963	33,490.2	40,383.7	82.9
1964	38,964.2	47,736.3	81.6
1965	42,841.7	52,833.2	81.1
1966	49,651.0	63,165.0	78.6

In 1966 the percentage internally generated, that is, by the Government of the Ryukyu Islands, is 78.6 percent.

Mr. PRICE: How is the tax collection system that we authorized in legislation here some years ago—1962 I think it was—how are they working out?

General WATSON: Mr. Chairman, I regret—

Mr. PRICE: I do not have a copy of the 1960 law here, but I remember we had some provisions in there that permitted them to use certain funds that they were using previously but without authorization.

Mr. KELLEHER: Yes. Here is a copy of the 1960 act.

General WATSON: I have that information here, sir, I believe.

In section II of the act itself, all fines, forfeitures, tax assessments, and other revenues received by the Government of the Ryukyu Islands shall be covered into the treasury of the Ryukyu Islands and that will be available for the expenditure of the Government of the Ryukyu Islands.

Mr. PRICE: Yes. I think they were permitted to do that previously under the treaty, but the 1960 act gave them a specific legal authorization.

General WATSON: Yes, sir; that is currently in effect.

Mr. PRICE: And then they gave them authority in the 1960 act to use—section III of that act:

Revenues derived by the United States Civilian Authority 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 the annual budget programs approved by the President.

I am just trying to get some idea of the amount of those revenues and how they fit into the financing system in the islands.

General WATSON: Well, Mr. Chairman, if I might, I would like to take those particular provisions of the act and match them for the record.

Mr. PRICE: Yes. Will you do that?

General WATSON: I will be glad to do that, sir.

(The following information was received for the record.)

Amounts provided under price act, by action, fiscal years 1965-67

(In millions of dollars)

Source of funds	Fiscal year 1965	Fiscal year 1966	Fiscal year 1967
Sec. 2—Revenues of the Government of the Ryukyu Islands	42.8	49.7	68.7
Sec. 3—Revenues derived by the U.S. Civil Administration	12.2	13.1	12.6
Sec. 4—Annual appropriations (administration, Ryukyu Islands, Army)	12.0	12.0	17.3

¹ Under increased authorization proposed in H.R. 12617.

Mr. PRICE: I don't know whether we have the answer yet on the percent that the Government of the Ryukyu Islands is contributing to its own operations, the amount and the percentage.

General WATSON: Yes, sir. It was 78.6 in 1966, and it is estimated this year to be 71.8. And incidentally, it is quite interesting to note that even though we propose to increase in this coming fiscal year, if the authorization is provided and funded, 5.3 over 12 million dollars, in other words, we plan to increase almost 50 percent, the percent of its total budget which the Government of the Ryukyu Islands will generate drops only from 78.6 to 71.8, which is 6.8 percent; so with this tremendous increase that we are putting in there, their partici-

pation only drops some 7 percent approximately. We estimate that they will have some \$87 million in their budget for this coming year.

Mr. PRICE: What is the estimate—\$87?

General WATSON: Eighty-seven, yes, sir.

Mr. PRICE: What is the estimated cost of the Ryukyuan military base? In other words, what would we lose in dollars and cents if we were compelled to leave Okinawa?

General WATSON: I can provide that figure to the best—as close as estimation may permit it. We have some exact figures of cost and so on. It has roughly been estimated, at being anywhere between half a billion and a billion dollars. And we can provide that for the record, showing what sort of a breakdown we have on it.

As far as real property is concerned, it's about \$700 million; and equipment, about a quarter of a billion dollars; inventory, about \$470 million; so that the total is about \$1.5 billion.

These must be rough, Mr. Chairman, and there is no way really to come out with a good tight dollar figure on this.

Mr. PRICE: The only way you could do it is make a compilation of all the expenditures we have made over there, and it would take some time to do it.

General WATSON: Yes, sir; it sure would.

Mr. PRICE: What are our major capabilities in Okinawa?

General WATSON: Military capabilities there are to provide a base for military operations for all of the armed services, and this includes not only the staging and housing and training of troops there, but the provision of logistic support to those troops.

Mr. PRICE: Now, in previous hearings on this matter, there was a question raised about the Ryukyus having no adequate sewer system. Has that situation been corrected?

General WATSON: No, sir; but we are making progress toward this. The first problem, of course, before any sewer system can be developed anywhere, is to insure adequate water supply.

And in 1963 we had such a very severe drought out there—it lasted for 11 months—that we were really in most serious condition for usable water. We had to lay pipes along the ground and use salt water, ocean water, to take care of some of our sanitary problems. We just didn't have fresh water to spare for it. So development of water supply has actually preceded the development of the sewer system. But we are now making progress. We have actually set up in our budget for the current year and for next year, some improvement, quite a way along the line.

You may be familiar, Mr. Chairman, with the fact that in 1964 and 1965 we did provide modest financial assistance to begin the development of this islandwide sewer system for the southern and central crowded areas of Okinawa. We had planned, for the independent sewer systems for various municipalities, but these, however, are designed for later connection with two sewage treatment plants, one for the largest city, which is Naha, in the lower part of the island, and one in the central part of it. Funds were requested for fiscal 1967 from the U.S. aid appropriation which is \$1.3 million, and from the U.S. Civil Administration general fund, \$2 million for further development of the systems.

The Government of the Ryukyu Islands is also expected to make its initial contribution of funds in fiscal 1967 for the sewer program.

Mr. PRICE: What is the present situation with respect to electric power and what are your plans to meet future requirements?

Mr. HORR: I will speak to that, if I may, briefly, Mr. Chairman. And perhaps General Watson can fill in more specifically. An engineering study anticipates a need for additional power, on the order of about 240,000 kilowatts—or 240 megawatts—over the next several years, and estimates a cost of construction for that of something in the area of \$40 million.

The last expansion of the power system there was financed by a loan from the U.S. Treasury in 1959. We are quite hopeful that we will be able to finance this next needed expansion by some means, short of a direct loan from the U.S. Treasury. We have been exploring every avenue. We have held discussions with various U.S. entrepreneurs who might have an interest in doing this work on different sorts of bases. We plan to examine—we are in the course right now of examining some of these approaches to see what would be the most effective method of doing it with the least burden on the Treasury.

Our great hope is to avoid having to ask for a loan from the Treasury for this financing again.

Mr. PRICE: What is the present additional requirement for power there?

Mr. HORR: Over the next 6 years or so, the additional requirement is projected to be on the order of two hundred and—well, 240 megawatts over about a 10-year period, I suppose.

Current projections are for on the order of a total of 250 megawatts by 1969, which will be already in excess of the present firm capacity, and probably progressive increases after that as the utilization of electricity by the civil population increases.

And one reason these predictions can't be any too firm right at the moment is because of [deleted]. But certainly our need for construction is going to be of the order of 240 megawatts over the next several years.

Mr. PRICE: Additional requirement?

Mr. HORR: That's right.

General WATSON: Minimum.

Mr. PRICE: And you say now you do not have any firm proposal from anybody to supply this need?

Mr. HORR: No firm proposal because it hasn't been done that way in the sort of a bricks and mortar contract approach of laying out specifications and asking for bids. Doing the work calls for a combination of financing, construction, and design and building of the electrical equipment. We have had communications from a number of groups of such enterprises who have outlined tentative approaches. We plan to explore these in more detail with them.

Mr. PRICE: How do you explore them? Do you call these people in and meet with them and see how serious their proposal is and what they actually intend to do in the event that they are successful?

Mr. HORR: Precisely. And in addition, our present thinking is to set up a board within the Department with appropriate legal and engineering and other skills represented to examine and compare the possible alternative approaches, secure any additional information from these potential builders that might be needed, and come up with a recommendation of the best approach with the best net advantage to the Government.

Mr. PRICE: Is the situation such that it could be met with a brown-out over there? ... Mr. Holt: Indeed it is, and perhaps General Watson is a little closer to that than I am, but the projection is for a brownout condition under present circumstances, to begin perhaps by the latter part of 1968.

And again, as I say, this could be affected in some degree [deleted].

Mr. PRICE: That's all the questions the Chair has. Does any other member have any?

Mr. STAFFORD: Mr. Chairman, I have one or two.

Mr. PRICE: Governor Stafford, [deleted.] Could you comment on what you consider to be reasonable acquiescence of the inhabitants of the Ryukyu Islands to our presence?

General WATSON: I'm glad to do that because I want them to know what I consider reasonable.

This point came up when I went back last year. The first press conference after I got back there they got on me, "What do you consider reasonable acquiescence?" And I said you people are always kind to me, you are very friendly, yours is a land of courtesy. I feel I am among friends, and I have no fear for my family; this is our home and we feel there is no hostility; and therefore I think that there is a reasonable acquiescence. You are friendly to me. I just ask them and of course they are courteous and they wouldn't say they aren't. They actually are very friendly to us.

We have a wonderful program of public relations there, so good that higher headquarters has sent us congratulations on it. I am not boasting; this is a fact. We do have a very good program.

Mr. STAFFORD: Looking into the future, to your knowledge might there be any future plans or policy on the part of this government to switch from the type of High Commissioner government which you represent to a civilian type of government. Can you comment in this field?

General WATSON: Yes, sir; I can comment on it, but I think that probably the one who is from the Department which would be most knowledgeable on this question besides the Defense Department sits near me in the presence of Mr. Fearey. I would like to take my part of it first, though, if I could.

General WATSON: As far as policy of any other departments of government or even the Department of Defense at this point, I am qualified to answer.

Mr. STAFFORD: Thank you very much, General. Would you care to comment, sir?

Mr. FEAREY: Yes. I know of no consideration being given in State to making the High Commissioner a civilian. We feel that the job there is so heavily military that the top person should be a military man with capacities in the civil field too.

Frankly, we think we've got that.

Mr. STAFFORD: Thank you.

Mr. Holt: May I add one other point to that, sir; that may be relevant.

Mr. PRICE: Mr. Holt, [deleted.]

Mr. Holt: The Civil Administrator, the No. 2 post in the U.S. civil administration under the High Commissioner, is a civilian, and has been since 1962.

Mr. STAFFORD: Thank you, Mr. Chairman.

Mr. PRICE: Thank you. [deleted.]

Mr. ICHORD: Mr. Chairman.

Mr. PRICE: Mr. Ichord?

Mr. ICHORD: Mr. Chairman, I am sorry I was called out to testify on another bill, and I possibly might ask a question which has already been answered in the record.

Now under the terms of the article III of the peace treaty with Japan, we have control and jurisdiction over the islands for an indefinite period of time. Is that correct?

General WATSON: Yes, we do. And I would like to ask Mr. Fearey if he would respond a little bit further to this point.

Mr. FEAREY: Yes. The treaty provides that we may remain there with full powers pending the placing of the islands under a U.N. trusteeship. There is no thought of placing them under a U.N. trusteeship. It is recognized that we can stay there and we will stay there as long as conditions of threat and tension continue in that area.

Mr. ICHORD: Our Government has no intentions in the immediate future, then, of turning—

Mr. FEAREY: None whatsoever.

Mr. ICHORD: No plans whatsoever for that?

What is the population of the islands?

General WATSON: 933,000, sir, approximately.

Mr. ICHORD: Now, I would like to have in the record—and it may already be in Mr. Chairman's—I apologize if I am dealing in duplication here, or putting in \$12 million a year now in aid. You have been spending the entire Price authorization; haven't you?

General WATSON: Yes, we have.

Mr. ICHORD: What other moneys do we put into the economy?

General WATSON: I would like to provide this for the record, it might just briefly touch upon them.

Mr. ICHORD: We have about 53,000 people that we employ on our bases there, don't we?

General WATSON: This is true, Mr. Congressman. And of these 53,000 of course only about a half are actually directly employed by U.S. officialdom—in other words, appropriated or nonappropriated funds. That comes to I think about 24,000 of that total of 53,000.

Mr. ICHORD: How much does that amount to?

General WATSON: About \$196.3 million is the figure we estimated—and we worked on this a long time—for fiscal year 1965. We can give you some other data which shows the sources and how much from each source comes to the economy.

Mr. ICHORD: I would like to have that for the record. I didn't hear all of the testimony, but I am a little concerned that we might be letting ourselves get blackjacked into giving more aid to the islands when—and I am not particularly impressed by the argument that the people of the islands don't have a standard of living comparable to

Japan. There is not enough out there on the islands to develop to give them a living that is comparable to the Japanese islands. I don't think they have the resources available that we could ever raise their standard of living with what they have unless we did pump in large amounts of aid.

(The following information was received for the record:)

U.S. EXPENDITURES IN THE RYUKYU ISLANDS

The overall input of money resulting from the presence of the U.S. Government, and Americans as individuals—military and civilian, official and private—reflect the following expenditures in fiscal year 1965:

Expenditures by the U.S. Government and personnel	\$121.5
U.S. direct aid to GRI	12.7
Capital transactions (public and private)	44.0
Export of goods and services to the United States	18.1
Total	196.3

General Watson. That is true, sir.

On the other hand, the Japanese Central Government does provide for its less favorably disposed or endowed prefectures with certain subsidies which help them in their own internal expenses.

Mr. Ichord. Well, most of the trade of the islands is carried on with Japan; is it not?

General Watson. That is correct; yes, sir, definitely.

Mr. Ichord. What is their trade, how much trade do they carry on with Japan?

General Watson. I have those figures right here. I will provide them for you.

In trade with Japan, the Ryukyu Islands import about \$151 million as contrasted to exporting about \$73 million to Japan, so that they have a deficit balance with Japan of about \$78 million in fiscal year 1965.

In the case of the United States, the Ryukyus import about \$31 million from the United States and export about \$5.1 million. So there is a deficit balance there of \$26 million. And all other countries, about \$28 million imported by the Ryukyu Islands and only \$1.6 million exported. So they've got about a \$26 million deficit there too. The total deficit is about \$131 million. This is in trade, now.

Mr. Ichord. Now did I understand you to say the salaries, the compensation we pay to island workers amounts to 193 million to 200.83 million?

General Watson. No, sir; this is all sources for all purposes, \$196.3 million.

Mr. Ichord. Well, actually as a practical matter, if we were to pull that out of the island, the whole economy would fold; would it not?

General Watson. It would collapse. And we have two charts that are appended to my statement, here, B and C, which give a graphical picture of this.

Mr. Ichord. Well, I am just a little concerned. I am sure that probably they can use more money to raise their standard of living; but I am a little concerned that you might just be following suit with Japan here and we are more or less being blackjacked into giving them more aid.

General Watson. I can see the reason for your concern and I do not think that this is in fact taking place. [Deleted.]

Mr. Ichord. \$193 million into a little nation of some 900-odd thousand people is a pretty good chunk of money to put into the economy of the island.

General Watson. We figured up the Ryukyus per capita income in comparison with the inhabitants of the homeland of Japan, and we found out it is considerably lower.

I should point out that this \$196.3 million we put in there was not a gift. We get a return on that, on a great part of it.

Mr. Ichord. That is true.

General Watson. So that the aid we put in there is really quite small; \$12 million this year, this current year, and the preceding year was only \$12 million.

Mr. Ichord. Well, the income per capita for the State of Wyoming is considerably lower than the State of New York, too.

General Watson. We have the per capita figure in the Ryukyu Islands of \$364 a year. That's a dollar a day. And that compares with \$587 in the homeland of Japan.

Mr. Ichord. \$587?

General Watson. Yes, sir. I can see your concern, Mr. Congressman. I don't want you to feel that I am advocating just a giveaway program. These people compare their lot with that of their brothers and sisters and cousins who live in the homeland of Japan.

Mr. Price. General, on the amount that you put into education, would the Japanese be willing to put more into the educational program than we are asking them to, or agreeable?

General Watson. They would be agreeable to it. By their law, they provide their prefectures 50 percent of the pay of teachers; for example, for the first nine grades.

Mr. Price. Do you think it is desirable to permit them to put 50 percent in?

General Watson. I do not object to their providing that in the Ryukyus so long as we contribute as much as they of the pay of teachers of all grades. Also I think this is a responsibility that the Government of the Ryukyu Islands itself should bear in part. In other words, the Japanese Government, the GRI, and our own Government each should provide one-third of the pay of all teachers, including the grades above the first nine.

Mr. Price. Is this an important area for us to keep our hand in?

General Watson. This is extremely important. [Deleted.]

Mr. Ichord. Do you have complete control over the disbursement of all of these funds under the Price Act?

General Watson. Yes, sir; we do. Some of them we actually personally disburse in segments throughout the year. In other cases it is done by transfer to the Government of the Ryukyu Islands.

Mr. Ichord. And what percentage of the \$12 million do you transfer to the Government and what percentage do you spend in—

General Watson. About 80 percent.

Mr. Ichord (continuing). In your own program?

General Watson. That's right.

Mr. Ichord. Now of this \$25 million, what are you not going to spend the entire \$25 million?

General Watson. In the first year that this would be effective, we propose to spend \$17.3 million.

Mr. ICHORD. What percentage are you going to turn over directly to the Government?

General WATSON. It would run a little higher than that, but we can check it right here.

Mr. BURNS. A ratio of 13.8 to 17.3; which is 80 percent of the total program for 1967. The preceding year was 8.6 out of 12 million, which is about 72 percent.

Mr. ICHORD. How do they put this to you, General?

General WATSON. It's about equal.

Mr. ICHORD. How do they put it to you? Do they demand more help from the United States or do they put it "We would rather go back with Japan"?

General WATSON. The way help from the United States comes up is this: We worked up the long-range plan based on the President's directive. As mentioned earlier, we started in the fall of 1964 jointly with the Government of the Ryukyu Islands.

Mr. BURNS. Yes, sir.

General WATSON. There are 11 major programs in this long-range plan that we have, and each of them have subprograms and so on very similar to our planning structure over here.

We then, following the President's directive, March 1962, looked forward to the goals which were the levels obtaining in comparable areas of Japan, with the idea of reaching them, to the extent possible, by 1974.

And we worked this up in increments in succeeding fiscal years so that we don't try to do it all at once.

In the first place, they won't be able to do it all at once. They have to phase it in because their situation won't permit it to go any faster. This is the way we actually do it. So it is in committee meetings that we work up these statements.

Now, when the plan for a given fiscal year is worked up by our staffs together, then the Chief Executive and I sit and are briefed on the plan, the major policy decisions that are involved therein, the major goals, the sources of funds, and so forth. And we closely question the staffs and make them come forth with the sound justification.

Now on the other hand, the Government of Japan participates in this then after we have developed the funding level for any given fiscal year. The Government of Japan then is invited to come in to the extent of a given number of dollars for each of these programs in accordance with what we have prepared ahead of time, and we are the ones who deal with the Government of Japan.

The Government of the Ryukyus does not deal directly. They are related, they know each other, there is a lot of back and forth travel; but any official contact is through USCAR to the consultative committee which was referred to earlier by a question. And at that point the Ambassador of the United States and the Foreign Minister of the Government of Japan sit together with assistants and work out the agreed upon figures.

[Deleted.]

Mr. ICHORD. Have you tried any propagandizing among the people as to how much we pay out in salaries to the islands?

General WATSON. We have, yes, sir. This \$196.3 million that I referred to you earlier was arrived at as a result of a study which I directed because I thought the people weren't aware of it.

Mr. ICHORD. What is the whole gross national income of the islands? General WATSON. Gross national product for fiscal year 1965, \$369.1 million.

Mr. ICHORD. Better than half. General WATSON. And the national income, \$340 million.

Mr. ICHORD. Thank you, Mr. Chairman.

Mr. PRICE. Mr. Love?

Mr. LOVE. General, other than aid, what precisely does the Government of Japan do in the islands, since according to your statement, and my own information, they did not renounce all the land title interests in the islands? I mean what do they have over there in the islands precisely, the Government of Japan?

General WATSON. The Government of Japan at this moment has a southern area liaison which is called Nampo, which is a Japanese word, liaison office, and they have their representatives of the Government itself.

Mr. LOVE. So actually—

General WATSON. They participate in a number of ways. For example, there are technical groups which come down there to advise, farming, for example.

They have a tremendous subsidy for sugar, for example. Without the sugar subsidy I don't know what the farmers—what the agricultural industry of Okinawa would do.

Mr. ICHORD. Well, this is their foreign aid program, except they have a larger attachment.

General WATSON. Exactly, in effect it is.

Mr. LOVE. Does the record show the dollar value of that foreign aid program with the Japanese?

General WATSON. Yes, we have the figures. We don't call it that per se. But we have figures and we will provide them. We will provide a table which will show—

Mr. LOVE. To make a comparison between what you are asking and what the Japanese do?

General WATSON. Yes, sir. We have these figures and we can present them for the record very easily. In fact, they are shown previously.

[Deleted.]

Mr. LOVE. Just roughly can you give me some idea of how much that is compared with what we do?

General WATSON. This coming fiscal year they have approved, a total contribution of \$16.1 million, as compared with that which we propose for the coming fiscal year of \$17.3 million. We are a million dollars apart.

Mr. LOVE. That is in the statement here, isn't it, sir?

General WATSON. Yes, sir; it is.

Mr. LOVE. I thought so. Yes. Thank you, General.

Mr. PRICE. Mr. Hicks?

Mr. HICKS. No questions.

Mr. KELLEHER. Mr. Chairman.

Mr. PRICE. Mr. Kelleher.

Mr. KELLEHER. Just one question. I am not sure whether the record will reflect now exactly how the \$17.3 will be used for fiscal 1967—

General WATSON. Yes.
Mr. KELLEHER. Exactly how much for teachers' salaries, how much for social security, and so forth. Could you put that in not only for this year, but for a couple of years in advance, too?

General WATSON. We will supply that.

Mr. KELLEHER. In detail, please.

General WATSON. Yes.

[Deleted]

Mr. PRICE. General, the point that Mr. Ichord made is the thing that we had to contend with in the Senate.

General WATSON. Yes, sir.

Mr. PRICE. This was the main thing that they kept throwing at me when I testified before the Senate. So I think we will have to be prepared on that.

Mr. Ichord. I sympathize with your position, but I do have a little concern about that and I think as long as you recognize it and you are taking steps to keep it from really building up, because you have had experience with that type of thing.

General WATSON. It is ever present, and we are working on it all the time.

Mr. PRICE. Thank you very much, General and Mr. Holt, and others who testified here this morning.

I think you did a good job in presenting your case. I hope we can do as well when we have to go through the Senate again.

General WATSON. Thank you very much, Mr. Chairman. Thank you, gentlemen.

Mr. PRICE. The committee will remain just a few minutes.

(Whereupon, at 11:46 a.m., the subcommittee proceeded to committee business re H.R. 12617.)

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