

transmitted to Guam periodically, to reimburse expenditures made or payments due on approved projects. The Director of the Office of Territories has been authorized to exercise the authority of the Secretary of the Interior with respect to Public Law 88-170 (F.R. Doc. 64-9203, September 10, 1964).

Under the act, 50 percent Federal grants 50 percent Federal loans are provided as to all projects except water projects, power projects or telephone projects and except as to any sums paid to the government of Guam to permit Guam to qualify for participation in other Federal programs. As to the excepted categories, the Rehabilitation Act is entirely a loan program, with interest and repayment to be made over a period of 30 years beginning June 30, 1968; \$200,000 of the total program has been appropriated for preparation of an economic development plan for Guam, and this appropriation need not be repaid by Guam.

3. History

In 1962 and 1963 Guam was devastated by two major typhoons, which destroyed most civilian homes and many Government structures. Guam was declared a major disaster area and received some \$14 million in assistance from the Office of Emergency Planning. It soon became apparent that merely to rebuild the flimsy structures that existed before the typhoon would not provide protection against future typhoons. Furthermore, it was recognized that Guam, which was occupied by the enemy during World War II and severely damaged in the course of reacquisition by the United States, had never been adequately rebuilt. Educational, sanitary, and other public facilities in Guam did not, before as well as after the typhoons, attain minimum stateside standards of adequacy. The Guam Rehabilitation Act evolved, therefore, not merely as a special Federal program to repair typhoon damage but as a program with broader objectives, designed to develop Guam, insofar as funds could be made available for improvement of its public facilities, along the lines of a typical mainland community.

4. Level of operations

Of the total \$45 million authorized to be appropriated, \$28.7 million has been appropriated to date (including 1965 and 1966 fiscal years). The first disbursement of Federal funds was made in September 1964. As indicated in table 1 attached, only about one-ninth (a little over \$5 million) of the total program actually has been transferred to the government of Guam, to satisfy outstanding obligations, through October 6, 1965.

Top priority in construction programs to date has been given to educational facilities (\$1.7 million of the \$8.9 million appropriated has been expended) and public works (especially the \$500,000 beginning on the total \$4.2 million appropriated for a system of sewers.) The large expenditure for power (\$1.7 million) is the government of Guam contribution to the construction of a powerplant by the Navy Department, which produces power for resale to Guam consumers. A beginning has been made on construction of the air terminal and development of an improved water supply and distribution system.

The next large projects to be initiated will be construction of a commercial port, for which \$4.8 million has been appropriated, and construction of housing and community facilities in the villages (\$3.6