

paternalism. When they hire an employee he is hired for life or for an extended period and they were apprehensive about hiring more people. Mr. Woll and I convinced them this project was here to stay. As a result, our contractor at Antwerp has hit a new peak of 7,000 man-hours in the second week in May. We have set an objective of 9,000 man-hours a week.

At Rota he is giving us more man-hours. This quarter we expect to produce more than \$5 million worth of property, and subsequent quarters will show a sizable increase.

Mrs. HECKLER. Mr. Scordas, what do you mean by production?

Mr. SCORDAS. The rehabilitation of this equipment so we can ship it to the various missions.

Our shipments are right around \$4 million, as shown on chart No. 6. We were also hitting a barrier at this point due to lack of shipping space, but now we will get more and more space in the Atlantic and also between here and Southeast Asia from the Military Sea Transport Service. During the month of June we will get space on two ships. This is most encouraging.

Mrs. HECKLER. Who furnishes the space?

Mr. SCORDAS. MSTs, the Military Sea Transport Service.

Mr. WOLL. This is not a subsidized operation, using MSTs. Usually these are commercial rates.

Mr. SCORDAS. How do we stand financially? Chart No. 7 deals with that. Congress, in the Foreign Assistance Act of 1961, appropriated \$5 million to get the revolving fund started, and from the small portion we had we pay international transportation, parts and repairs, handling and crating, and then we move it free alongside ship and from there the recipient country pays the costs. Recent legislation permitted administrative costs to include travel and supplies to be paid out of this revolving fund, and then it is reimbursed by the 15 percent of acquisition cost which comes from the development grants and development loans.

Financially, on chart No. 8 it is shown how this particular office stands. These are in thousands of dollars, again in quarters. We were in the red and during the fourth quarter of fiscal year 1965 we came out of the red and into the black up to about \$400,000. At this time we are dipping down for several reasons. First, we are starting an investment in these items. We are investing in equipment with rehabilitation, parts, and repairs. We feel, again, that with the increase in production and the increase in shipments we will probably maintain a level along in here rather than increasing the fund to any extent.

I also have some photographs of some of the equipment we have rehabilitated. You are certainly welcome to look at them.

Mrs. HECKLER. What percentage of the property that you get requires rehabilitation?

Mr. WOLL. Seventy percent.

Mr. SCORDAS. I would say more than that. I would say 90 percent requires rehabilitation and the other 10 percent does not. This is the rule of thumb.

Mr. MONAGAN. What is the status of the \$5 million fund, in brief?

Mr. WOLL. In brief, sir, we show a profit for the first three quarters of this year of \$71,896.99.