

Payments to AID contractor, Antwerp, Belgium—Continued

Fiscal 1967:	77,427.89
July	50,033.47
August	91,885.37
September	117,507.45
October	102,070.79
November	176,953.22
December	137,945.50
February	166,978.96
March	120,479.53
April	
Total	1,041,282.18

Mr. WOLL. Originally, when we signed our first contract here, the skilled labor rate was \$2.85 an hour. From November of 1964 costs have risen so that we now have a skilled labor rate of \$3.32 an hour. We are getting to the point actually of—well, we just can't go very much higher and still maintain the integrity of our revolving fund. When I say that I am referring to the 15-percent average surcharge.

Mr. MONAGAN. Does this wage rate include fringe benefits?

Mr. WOLL. This is the direct wage rate.

Mr. MONAGAN. And there are fringe benefits on top of that?

Mr. WOLL. Oh, yes.

Mr. SCORDAS. Not on top of that. It is included.

Mr. WOLL. It is included.

Mr. MONAGAN. I mean things like their Blue Cross, paid vacations and so on, the fringe benefits.

Mr. WOLL. It is included in the average hourly rate.

Mrs. HECKLER. How does that compare with the domestic labor rate?

Mr. WOLL. It is considerably lower. In our domestic operations the Army is our agent and we use their contractors and our average rate in the States runs from \$5 to \$10 an hour. This includes overhead, management and everything.

Mrs. HECKLER. Why did you choose to have a rehabilitation center in Belgium?

Mr. WOLL. For various reasons. No. 1, this city is a port city and it is extremely advantageous to be able to rehabilitate the property and not have to pay for long hauls to another port. No. 2, there is a sufficiency in this country of skilled mechanics, which we need. And No. 3, this country is susceptible to barter. This contract is under the barter arrangement to preclude the outflow of gold and assist the balance-of-payments situation.

We found through the Commodity Credit Corporation that the countries of Germany and France were not susceptible to barter. So our only eligible places in Europe would have been Spain, Italy, or the Benelux countries, and as far as Spain and Italy were concerned we already had an operation going in Spain and very little property is generated there; so if we had to take property from Germany and take it to Spain it actually would have cost quite a bit. This, generally, is why we settled on this country and this city.

As of March 31 our weekly hourly total was approximately 6,200 hours a week. Our program goal for this operation here will be 9,000 hours per week. We hope with this goal of 9,000 hours per week that our average monthly production will run \$2.5 million acquisition cost.