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EXECUTIVE OFFICE OF THE PRESIDENT  
NATIONAL SECURITY COUNCIL  
WASHINGTON

May 12, 1958

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MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: U. S. Employees Overseas

- REFERENCES:
- A. NSC Action No. 1752
  - B. Memo for NSC from Executive Secretary, same subject, dated April 18, 1958
  - C. NSC Action No. 1900

By NSC Action No. 1900-b, the National Security Council noted comments by the President relative to the Operations Coordinating Board Report on the subject (transmitted by the reference memorandum of April 18, 1958), and directed that these comments be transmitted to the Executive Officer, OCB, for circulation to all holders of the OCB Report. This action was approved by the President on April 25, 1958.

Accordingly the attached OCB Report on the subject, containing as a "Foreword" the above-mentioned comments by the President, is transmitted herewith for the information of the Council, as a substitute for the Report which was transmitted by the reference memorandum of April 18.

It is requested that all copies of the enclosure to the April 18 memorandum be destroyed by burning, in accordance with security regulations.

*Lay*  
*13 May 58*

STAT

JAMES S. LAY, JR.  
Executive Secretary

- cc:
- The Secretary of the Treasury
  - The Attorney General
  - The Director, Bureau of the Budget
  - The Chairman, Joint Chiefs of Staff
  - The Director of Central Intelligence

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# **UNITED STATES EMPLOYEES OVERSEAS**

**AN OPERATIONS COORDINATING BOARD REPORT SUBMITTED  
TO THE NATIONAL SECURITY COUNCIL APRIL 1958**

**Volume I**

**U.S. AGENCIES' PRACTICES  
AND PRIVATE ENTERPRISE  
PRACTICES**

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FOREWORD

STATEMENT BY THE PRESIDENT

The Report on "United States Employees Overseas" was noted and discussed by the National Security Council on April 24, 1958, at which time the President made the following comment with respect to the Report:

"Whereas the situation varies from country to country, an over-all study such as this CCB Report can be extremely valuable (1) in pulling together in one place all of the current and constructive work which is being done, and (2) in providing a basis from which we can move ahead and make further improvements.

"The importance of building up good personal relations between foreign nationals and Americans who live and work overseas can't be overestimated.

"Although all of us should be particularly concerned with this problem, the Chief of Mission in each country has a special responsibility to make certain that there is coordinated follow-up on this thorough, comprehensive Report."

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Terminology

In the sense of this report the terms "employees" and "personnel" are synonymous, denoting both civilian and military personnel employed by the U. S. Government in an overseas assignment.

The term "at post" is used to mean presence in a working status at any Department of State activity, U. S. Information Agency or International Cooperation Administration mission, or Department of Defense installation abroad.

The term "overseas" is used to mean foreign countries and areas, but not U. S. territories.

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SECTION I.INTRODUCTIONPurpose and Scope of the Report

This report has been prepared in response to a National Security Council action of July 1957. It is concerned with two principal subjects: (1) a review of measures taken by each agency to hold to a minimum the number of U.S. citizens employed overseas by the U.S. Government or its contractors, and (2) a review of administrative policies and practices having a bearing on foreign attitudes toward U.S. personnel overseas. Particular studies have been made with respect to 19 countries identified by the Operations Coordinating Board as potential "trouble spots."

The report is made up of two volumes. Volume I, entitled "U.S. Agencies' Practices," sets forth (a) the actions of U.S. agencies to keep to a minimum the number of U.S. personnel stationed abroad, (b) the relationships between this OCB report and the report to the President by the late Mr. Frank C. Nash\* concerned with U.S. military bases overseas, (c) a detailed exposition of existing U.S. administrative practices and policies designed to improve foreign attitudes toward U.S. personnel overseas, (d) a statement of conclusions and recommendations on these administrative practices and policies, and (e) a summary of the related policies and practices of American private enterprise having overseas operations, which are further detailed in the Annex to Volume I.

Volume II, entitled "Country Studies," contains detailed information on each of 19 countries designated by OCB as potential "trouble spots." This study on each country is organized into three parts: (a) a background statement, (b) a report on the number of U.S. personnel by category with explanations of any prospective increases or decreases, and (c) an inventory of problems causing friction and some representative practices being followed to eliminate or reduce these

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\*Limited distribution of this report is in process.

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frictions. A statistical summary of U.S. personnel stationed in the designated countries as of July 1, 1957 and their estimated strength in those countries as of June 30, 1958 is included as an Annex to Volume II.

This report does not include consideration of specific political or program issues which affect local attitudes toward the United States nor does it deal with the level of personnel required in a particular country to carry out the U.S. programs. These matters were excluded from the study by agreement within the OCB on October 23, 1957.

Methodology

The agencies which participated in the working group and submitted formal reports are the Department of Defense, the Department of State, the U.S. Information Agency, and the International Cooperation Administration. In identifying the sources of friction and the administrative techniques developed to avoid them, a working group reviewed all of the reports submitted by American embassies to the Department of State in response to Counselor MacArthur's letters to Chiefs of Mission of December 1956, as well as the corresponding reports submitted at approximately the same time by American military commanders overseas to the Secretary of Defense. In September 1957 the "desk officers" of the Department of State were asked to prepare background statements for the designated countries summarizing and updating the submissions from the Chiefs of Mission to ensure that the country studies would reflect the current facts. A further review of these background statements was made by the "desk officers" of State, USIA, and ICA on January 15, 1958, for the same purpose. The "background statements" were not intended to be "country papers" as in the normal context of the latter term.

Action of the Operations Coordinating Board, April 9, 1958.

1. Noted that each U.S. Government agency having U.S. citizen personnel stationed or residing in foreign countries will report to the OCB on a standard basis the number of U.S. citizen personnel by category, as of March 31, noting major or unusual increases or decreases in the number of such personnel between the dates of the annual reports, and further noted that the first of these reports will be presented to the Board not later than July 1.

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2. Reviewed and noted agency actions being taken to keep U.S. citizen personnel to a minimum and special actions taken in connection with countries identified by OCB as potential "trouble spots."

3. Concurred in the conclusions and recommendations in the report and agreed that the responsible agencies represented on the Board having U.S. citizen personnel overseas will carry out the recommendations as specifically assigned to them for implementation or generally as they apply to them overseas, noting that the recommendations involving new legislative proposals will be submitted for coordination through the Bureau of the Budget in accordance with existing procedures.

4. Agreed that the Board will review in approximately one year the degree to which the recommendations have been carried out and to consider new situations that have arisen.

5. Noted that the Special Assistant for Security Operations Coordination will brief the National Security Council on the conclusions and recommendations in the report.

6. Agreed that Volume I of the report would be revised to make it possible to reduce the classification from Secret to Confidential.

7. Agreed further that the report would be distributed as follows, plus any additional distribution deemed appropriate by the agencies concerned or the Executive Officer:

a. The report will be transmitted for the information of the National Security Council.

b. The report will be transmitted formally by the Executive Officer to the heads of all government agencies having personnel overseas and to the Chairman of the Civil Service Commission.

c. The report will be made available by each agency as appropriate to its personnel in Washington and to overseas posts.

d. The report will be referred to the appropriate OCB working groups for use in the development or revision of Operations Plans; and in the development of OCB Reports to the NSC.

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SECTION IIAGENCY REPORTS OF MEASURES TAKEN TO HOLD TO  
A MINIMUM THE NUMBER OF U. S. CITIZENS EMPLOYED  
OVERSEAS BY THE U. S. GOVERNMENT OR ITS CONTRACTORS.A. Department of DefenseI. Military Personnel

In accordance with Presidential directives and NSC actions designed to hold to a minimum the number of U. S. agency personnel in foreign countries, the Secretary of Defense has directed certain actions to reduce the number of U. S. nationals sponsored by the Defense Department overseas.

(a) The original target of a 12% reduction by the end of FY 1958 in the total personnel assigned to MAAG's and Missions based on March 31, 1957 strengths will be exceeded, the projected result being a world-wide personnel reduction of 15.2% by June 30, 1958.

(b) A 12% reduction by the end of FY 1958 has been directed in personnel in major component and joint headquarters overseas based on December 31, 1956 strengths. One exception is NATO Headquarters which will take an 8% reduction. As of April 1, 1958, the phased reduction was well ahead of schedule and will be completed by June 30, 1958.

(c) An audit has been made of the necessity for U. S. military and civilian employees in Japan associated with support type and administrative duties, to provide a basis for similar action in other overseas areas.

(d) A reduction of approximately 40% of the military personnel strength of U. S. forces in Japan has been directed, effective June 30, 1958. Approximately 50% of this reduction will be accomplished by absorbing the reduction of Armed Forces personnel

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ceilings for end FY 1958. The remainder of this reduction is being effected by redeployment to Korca, Okdnawa, Hawaii, the U.S. and Europe.

(e) All overseas commands are controlled by manpower ceilings on their military and civilian personnel, established by departmental headquarters on the basis of missions, programs and workloads. Programmed reductions have been made, stemming from a decrease in total authorized military and civilian strengths.

(f) A continuing effort is made to reduce overhead in overseas areas by cross-servicing within Services, among Services and among all governmental agencies abroad.

(g) A continuing review is made of the level of personnel requirements as a result of management and inspection surveys, etc., with the objective of reducing manning levels to the essential minimum: e.g., a recent Department of Defense manpower audit of Japan (See para. (c) ) recommended certain personnel reductions and is now being reviewed; Army surveys made in Germany during FY 1957 resulted in a directed reduction of approximately 1500 personnel; the Naval Inspector General's recommendations during 1956 included a reduction of over 200 employees in Italy; and an Air Force Manpower Working Group, established to assist major commands in meeting reduced manpower ceilings, made recommendations which were adopted as of December 17, 1957, and which have resulted in the reduction of 3,118 military and 712 civilian spaces within the U.S. Air Forces in Europe (USAFE) area, and 3,486 military and 669 civilian spaces within the Pacific Air Force (PACAF) area.

(h) A review of the Attache System is made periodically to insure that the systems operate with the minimum of manpower. An over-all personnel reduction of 11% was made during the period 1953-1955. The June 1957 Services' review of the Attache System directed by the Department of Defense concluded that the systems

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were operating with a minimum of manpower and no further reductions would be made.

(i) The maximum utilization of indigenous civilians in lieu of U.S. nationals has been directed within the limits of security, availability and such military considerations as the need for mobility, combat readiness, etc. Indigenous employees currently number over 300,000.

## 2. Civilian Personnel

Actions and policies listed under paragraph 1. apply to U.S. civilian employees of the Department of Defense with the exception of the action noted in subparagraph (d) relative to Japan, where a reduction of 17% is being effected.

## 3. Dependents

In compliance with Presidential directives and NSC actions, policies applicable to dependents accompanying their sponsors overseas have been under continual study by the Department of Defense, and are presently being reviewed by a Defense Ad Hoc Committee on the Movement of Dependents. The following policies are currently in effect:

(a) Dependents of military and civilian personnel are authorized overseas travel only when stipulated conditions are met. These conditions include housing, community facilities, local political considerations and qualifications of the sponsor.

(b) Dependent travel to overseas areas on a space available basis has been eliminated for dependents of military personnel who do not meet the criteria which authorize dependents to move overseas at government expense.

(c) To further deter the entry of unauthorized dependents into overseas areas, Department of Defense policy requires that sponsors be advised that they must be prepared to furnish commercial passage for the return

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of such dependents who enter the overseas area after June 6, 1957. The effect of this policy is limited by the fact that, as U. S. citizens, such personnel who can adequately support themselves have the same right to move abroad as that possessed by any other U. S. citizen.

(d) In order to minimize the overseas movement of dependents, shorter overseas tours have been authorized for individuals who do not move their dependents overseas.

(e) Certain Air Force Wings, Naval vessels, Naval Air Squadrons and Marine Corps Fleet Marine Forces serve overseas on short period assignments. Such assignments neither require nor authorize the overseas movement of dependents.

#### 4. Summary

The following Department of Defense programs, currently in operation, comply with Presidential directives and NSC actions designed to minimize the number of U. S. citizen personnel stationed abroad:

(a) The world-wide reduction of U. S. personnel in MAAG's and Missions, although certain MAAG's show an increase because of modification of mission.

(b) The World-wide reduction of U. S. personnel in major subordinate headquarters.

(c) Continuing manpower surveys and audits to reduce the number of U. S. personnel employed overseas.

(d) The maximum utilization of indigenous civilian employees in lieu of U. S. nationals in the Services' overseas operations.

(e) The continuing review of criteria for dependent travel to overseas areas.

Within presently assigned missions, the programs and policies of the Department of Defense in reducing the number of U. S. citizens abroad are considered generally effective. However, based on the final assessment of the results of the manpower audit in Japan, one purpose of which was to establish a pattern for such actions elsewhere, the Department plans to conduct similar audits in other overseas areas.

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## B. Department of State

### 1. Special Factors to be Recognized

It must be recognized that the Department of State performs a variety of functions for other U. S. Government agencies having an interest in foreign operations. The Department is reimbursed by such agencies for the salaries of the employees required to perform the requested service. Thus the Department does not solely control the number of employees it must have abroad. The number of employees financed by reimbursement sources is determined by the amount and types of reporting and other services required and paid for by other agencies of the Government.

### 2. Ceiling Controls

An over-all ceiling control governs the number of domestic and foreign employees of the Department of State. This total number of employees is then translated into authorizations or salary allotments to the domestic offices and posts abroad as the respective number of positions which top management considers justified.

In Fiscal Year 1958 the Department established a dual control over the number of employees authorized for the Foreign Service. The Assistant Secretary for Administration issued a position limitation which accompanied a previously-existing dollar limitation on funds for personal services. These position and dollar controls apply to total geographic areas, each under the jurisdiction of a Regional Bureau, and, in turn, become position authorizations for the individual posts. Shifts in strength from one post to another may be made by the Regional Bureau so long as the total position and dollar limitation is not exceeded. Requests for increases in excess of the total limitation must be approved by the Department's Office of Budget and require the same detailed justification as in the preparation of the Department's annual appropriation request to the Congress.

### 3. Hiring Controls

Since May 1957 the Department has exercised strict review over the hiring of additional personnel for duty either in the United States or abroad. In accordance with the

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wishes of the President, these controls were established as the personal responsibility of the Secretary (administered by the Deputy Under Secretary for Administration). The principal features of the Department's policy are: (a) The employment of clerical personnel has been restricted to a rate equivalent to the attrition of Foreign Service and Departmental clerical employees. (b) Appointment of Foreign Service officers of Class 8 has been limited essentially to attrition from Foreign Service officer positions and has required the personal approval of the Deputy Under Secretary for Administration before the Office of Personnel is permitted to enter a new class of such officers on duty. (c) All other officer-level recruitment has been frozen until a determination could be made in each individual case that the vacancy to be filled is within the funded position ceiling of the requesting office. The Office of Personnel is then required to determine whether any officer on the rolls of the Department is available and qualified to fill the position. Only in cases where a qualified officer is unavailable for reassignment is recruitment from outside the Department authorized, and then only with the specific approval of the Deputy Under Secretary for Administration.

#### 4. Results in Designated Countries

The data for the countries in Volume II reflect a net increase of 6 for the Department during the full course of Fiscal Year 1958, including additional positions required to perform services requested of the Department by other agencies of the Government. The strength figures and the projections to June 30, 1958, have been reviewed and approved by the budget officers of the Department's Regional Bureaus.

#### 5. Appraisal of Effectiveness

The procedures reported herein are considered effective in respect to both the President's directive, transmitted through the National Security Council, to hold overseas employment to an operational minimum, as well as the President's other directive stressing the need for strict controls over the hiring of personnel.

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## 6. Other Steps Which Have Been Taken

The Inspector General of the Foreign Service Inspection Corps has been directed to give particular attention in subsequent inspections to the size of the American staffs in the Department's missions in the designated countries.

### C. United States Information Agency

#### 1. Direct Hire

Agency policy is to assign Americans to overseas positions for the following purposes:

- (a) Policy formulation and review of output.
- (b) Representation.
- (c) Supervision of all activities.
- (d) Security.
- (e) Performance of technical or professional services not locally available.

The Agency is committed to provide specified information and cultural services for other U. S. Government organizations represented abroad, i. e., Department of State, International Cooperation Administration, and Department of Defense.

The Agency relies heavily on the judgment of the Chiefs of the Diplomatic Missions in arriving at decisions on matters of program and personnel levels.

The Department of State provides administrative support services for Agency overseas operations.

Employment ceilings are established by the Agency Director or his Deputy for each geographic area and overseas extensions of broadcasting and press activities.

The Deputy Director, as Employment Control Officer, or the Assistant Director (Administration) must approve, on an individual basis, the employment of all new overseas

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personnel with the exception of secretaries and Junior Officer Trainees whose categories are controlled through established quotas.

Foreign nationals and foreign contractors are utilized in lieu of Americans wherever possible.

The Assistant Directors for the four geographic areas and their Deputies, through frequent field trips, conduct on-the-spot, critical analyses to determine minimum program and personnel requirements in each of the countries within their respective areas and take action to adjust employment ceilings accordingly.

American employment is being reduced in eleven of the 19 countries designated "trouble spots." Increases of one or two Americans are planned for five countries while no change is planned for three others.

## 2. Contract Hire

As a normal practice, the Agency does not hire American personnel for overseas assignments on a contract basis. American personnel are normally assigned to the Foreign Service as a part of the Agency's regular American personnel complement. Except for Foreign Service employees, USIS Missions are staffed almost exclusively with indigenous personnel. In an isolated instance, as in the English teaching program, the Agency may contract with an American organization to provide specific overseas services for which the contractor employs American personnel. This is done only when required skills are not available otherwise and when the service to be provided under contract is temporary and not conducive to the employment of regular Agency personnel.

In support of the Binational Center Program, the Agency issues grants to American personnel for service in foreign countries. These grants are used to the greatest extent in Latin American countries. They are subject to budgetary limitation, agreement by the host government, and approval of the need by the Area Assistant Director.

## 3. Dependents

The Agency is guided by the Foreign Service Travel Regulations in determining the eligibility of dependents to

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travel overseas at government expense. These regulations are included in the Department of State Foreign Service Manual, Part III, Section 180.

D. International Cooperation Administration

1. Factors Affecting ICA's Overseas Employment

To put this report in its proper perspective, it is significant to note that ICA's total overseas complement of U. S. citizen employees -- direct hire and contractor hired -- and their dependents averages less than 1.2% of the estimated total of all U. S. nationals overseas. On July 1, 1957, ICA had a total of 3,618 U. S. citizen direct hire employees stationed overseas in over 60 countries. In addition, ICA-funded contractors had 1,635 U. S. citizen employees abroad. Of the direct hire employees, 2,859 were engaged in technical activities, mainly on the Technical Cooperation Program. The remainder were administrative employees who provided executive direction, programming, fiscal control and administrative services -- logistical support -- for the technical personnel. In the countries designated by the Operations Coordinating Board for this study (omitting Afghanistan) ICA's employment as of July 1, 1957, totalled 2,772 U. S. citizen direct hire and contractor employees. As of December 31, 1957 the corresponding figure was 3,170.

More than 85% of the employees serving ICA abroad are connected with the Technical Cooperation Program. Activities under this program have been steadily increasing in the past few years, particularly in the newly developing countries. Thus, unless the magnitude of the Technical Cooperation Program is materially reduced by Congressional action, there will continue to be increases in ICA staff in some of the countries covered by this report. Succeeding parts of this report detail the factors affecting ICA staffing levels overseas, and the control mechanisms the Agency uses to hold such staffing to the minimum practicable levels.

ICA's programs for technical cooperation and other economic assistance are presented to Congress on a country-by-country basis each year, showing the types of proposed programs and projects to be undertaken, together with estimates of the numbers and types of personnel (administrative and program, direct

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hire and contract hire) judged necessary to carry out the program in each country. When Congress approves the size and composition of the annual Mutual Security Program, ICA endeavors to carry out the activities encompassed within the country programs consistent with the Congressional intent, to the extent the external political situation permits.

The Technical Cooperation Program, which is the most widely supported form of U. S. foreign assistance, seeks by demonstration and training to transfer our technical skills and knowledge to the citizens of newly developing countries. But technical skills and knowledge come packaged in people -- teaching requires teachers. In the Technical Cooperation Program, the teachers are technicians, -- U. S. employees on the rolls of ICA and hired directly by ICA or from some other participating U. S. agency such as the Public Health Service. All project activities of ICA, and particularly Technical Cooperation projects which utilize approximately 85% of ICA technicians abroad, require the stationing of U. S. nationals abroad both as technicians to work on projects and as support personnel. Almost all of these technicians are serving abroad at the specific request of the cooperating countries concerned; and these countries make significant contributions in funds, personnel and other resources to make Technical Cooperation programs effective.

The demand for U. S. technicians in the Technical Cooperation Program has been slowly but steadily increasing as greater emphasis is placed upon this type of foreign assistance and as the program is expanded to the newly developing countries where the need for technical help is most acute. Analysis of ICA programs over the past several years shows that the countries in which on-going programs have been expanded, as well as those in which new programs have been undertaken, tend to be the newly developing nations. These of course are the countries which stand most in need of the managerial and technical skills essential to their economic and political development. Needless to say, helping to overcome these deficiencies in human resources is one of the primary objectives of the Technical Cooperation Program. But to effect any large scale reduction in the number of such ICA technicians abroad there would have to be a proportionate reduction in the size and scope of the Technical Cooperation Program.

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In more concrete terms, the newly developing countries do not have enough economists, engineers, public health experts, agriculturists, or educators to plan, supervise and carry out projects in those fields of activity where development is most needed. Such scarcities of professional and technical experts make necessary relatively larger numbers of ICA staff as technicians. Moreover, in many of these countries it is impracticable to rely on the host country for support activities such as property protection or motor pool operations, nor can such essential services be obtained by contract. In short, it simply requires more staff to carry on ICA activities in countries which are just beginning their development programs than it does in countries which have a long history and demonstrated competence in economic development.

Thus, the changing nature of ICA programs and the increasing emphasis of our activities in the newly developing nations of the world inevitably will result in increased ICA staff in some countries. This does not mean, of course, that ICA controls over overseas employment are inadequate or ineffective.

## 2. Direct Hire Controls

Control of ICA's direct hire employment overseas is maintained by several coordinated administrative mechanisms, within the general framework of the broad monetary and policy controls exercised by Congress. ICA maintains continuous and strict control over the number of its direct hire U.S. citizens employed in all foreign areas, through the device of a "Staffing Pattern - Personnel Roster," issued monthly and listing each specific direct hire U.S. position approved for ICA's overseas missions. Each staffing pattern lists only such positions as may be accommodated within the "position ceiling" previously determined by ICA headquarters for each of its regional areas, after intensive program, technical and management review of program needs. The position ceiling for a region cannot be exceeded -- in terms of new positions being requested because of new or revised program operations in a specific mission -- unless the regional office makes the position ceiling available by offsetting decreases in other missions.

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ICA has taken action, by policy directive and changes of procedure, to reduce the number of projects and concentrate its effort on fewer, more significant projects within each country program. Further, a recent policy directive requires that a firm terminal date for each project be negotiated and approved at the time the project is being initiated. These two measures -- program concentration and limiting project duration -- also tend to keep to a minimum the number of technicians required in our overseas operation, aside from any external reduction in the size of the ICA program.

An additional measure to control employment of U.S. citizens overseas is the agency's long standing policy of utilizing to the maximum extent possible host country nationals or "locals" for performance of service type operations. In FY 1959, it is planned to make greater use of "third country" technicians wherever the nature of the ICA program permits-- and the climate for acceptability of such technicians is favorable. Some success along these lines has already been had with the use of Philippine and Indian technicians in some of the Southeast Asia countries. To the extent it is feasible to use an increasing number of third country technicians in our overseas programs, there will of course be some decreases in the need for U.S. technicians.

At least two other factors are important as controls upon the levels of ICA's total employment and thus upon its overseas employment. The first factor is the limitations placed by Congress on the agency's administrative expense funds. The effect of such limitations over the last several years has been to widen the gap between the number of technical program funded personnel and the administrative funded complement. This has required that the administrative employment in ICA's overseas posts be strictly controlled -- in some cases to the point where essential administrative services, such as field audit of fiscal transactions, have had to be curtailed. The second factor, which on a long-term basis should gradually reduce our overseas employment, is the underlying requirement throughout the Technical Cooperation Program to turn over to the host country the institutions, projects, etc., requiring U.S. technicians just as soon as host country personnel can possibly assume their operation. Agency policy directives, and all emphasis in annual program and project reviews, stress that Technical Cooperation is not to be a

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self-perpetuating operation, even though in the aggregate there is always additional demand from the cooperating countries for technical cooperation assistance.

Effectiveness of all of these direct hire control mechanisms is scrutinized periodically at the missions through our regular evaluation, internal audit, and inspection operations, as well as being reviewed periodically by executive staff whenever they visit field installations.

### 3. Contract Hire

ICA maintains control of contract hire employment under its auspices by requiring each of its contractors to submit as part of their proposals, a manpower budget detailing the numbers, salaries, summary position descriptions, and other data on the personnel the contractor proposes to utilize to accomplish the contract. These data are considered in the negotiation of the contract and agreements are reached on the personnel complement the contractor will employ and be reimbursed for. Contract hire is usually utilized where capital or construction-type projects are required as part of development assistance programs, or where the nature of the technical assistance is such that ICA or other U.S. agencies cannot furnish the kinds of technical specialties required. In either case, ICA is mainly interested in the end-product service, and generally relies on the contractor's technical judgment of the numbers and kinds of personnel he will need to achieve the objective of the contract.

### 4. Dependents

As a general policy, ICA permits and encourages the travel abroad of dependents with its direct hire employees except female clerical staff. The only usual limitations are the non-availability of family housing, such as obtained until recently in Korea, in which case a shorter tour of duty is sometimes arranged. However, ICA does not encourage travel abroad of dependents of its contractor employees unless, to obtain essential technical skills, it is necessary to allow the contract technicians' dependents to accompany them. In such cases, dependents' travel is normally approved only where the tour of duty is for more than one year.

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To avoid sending additional U.S. citizen employees overseas, and within practicable limitations, ICA permits utilization of employable dependents of its employees as local staff in its overseas operations missions. While ICA does not at present have accurate statistics on the number of dependents of its overseas employees, a special survey as of April 30, 1957 showed there were 3,845 dependents in the 19 countries designated "trouble spots."

#### 5. Summary

ICA has positive programs currently in operation to comply with the stated intent of the NSC action to hold to a minimum the number of U.S. citizens employed in foreign areas by the U.S. Government. Besides the mechanisms detailed above in this report, action is being taken to accomplish this objective by the assignment of specific total employment ceilings for each of the countries, expressed in maximum numbers of employees to be permitted on the payroll as of June 30, 1958 and June 30, 1959.

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**E. Other Agencies**

Other agencies, such as, Department of Justice; Department of Commerce; Department of Health, Education and Welfare; Department of Agriculture; Department of Treasury; Department of Interior; Atomic Energy Commission; American Battle Monuments Commission; Office of the Comptroller General of the U.S.; and Veterans Administration, have U.S. personnel overseas. All use some means of control to limit numbers of U.S. citizens abroad. Since the total number of persons involved is so small as to have little bearing on the over-all problem with which this report is concerned, detailed listing of their individual actions was not warranted.

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SECTION III.RELATIONSHIP WITH THE NASH REPORT\*

This report on "U.S. Employees Overseas" is concerned generally with the "human" factors involved in the American presence overseas, and more specifically with the practices developed to improve foreign attitudes toward Americans individually and collectively. The report to the President, entitled "United States Overseas Bases," recently concluded by the late Mr. Frank C. Nash,\* also examines generally the questions involved with American presence overseas in the same 19 countries and in other areas but from the standpoint of the problems of U.S. military bases and overseas concentrations of U.S. troops.

Perforce, there is some overlapping in the two studies, notably in the subjects: Personnel Factors, Jurisdiction, Local Economy, and Troop-Community Relations. Although most of the Nash Report is devoted naturally to politico-military matters, the author recognized the importance of psychological factors in all dealings with the indigenous populations among whom U.S. overseas personnel are obliged to live. For example, the Nash Report states:

" . . . There are . . . many problems involved in the daily operations . . . which have an important bearing on the stability of the program and on its ability to withstand mounting pressures and strains. These problems vary in intensity between countries and regions, but, to one extent or another, they are common to most of our base operations. Our attitudes and actions with respect to them can become either a positive contribution to our relations with the particular country or a burden on, and detriment to, those relations. Cumulatively these attitudes and actions can spell the success or failure of our base program."

Differences in conclusions and recommendations, as between the present study and the Nash Report, are of degree only. Those

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responsible for this study made their own analysis of material at hand, some of which is of more recent date than that available to Mr. Nash, before reading the Nash Report. In spite of this totally independent examination of the problem, there are no contradictory findings.

Areas of common interest between this study and the Nash Report are as follows:

#### Numbers of Personnel

Mr. Nash recognized the desirability of keeping personnel to a minimum, criticizing demands that personnel ceilings be lifted when personnel requirements do not dictate.

#### Selection of U.S. Citizens

Mr. Nash accented the importance of the right key officials overseas. "Because members of a command, at all levels, reflect the attitudes of their commanders, the careful selection and indoctrination of these senior officers becomes a matter of critical necessity. . . It is mandatory that (U.S. military commanders) be selected for key overseas commands who are not only qualified on professional military grounds but are also able to adapt themselves imaginatively to the peculiar responsibilities and demands of operations in areas where scrupulous attention to the customs and political sensibilities of the host country is indispensable for the successful maintenance of the U.S. military presence." He also called attention to the "need in U.S. diplomatic missions overseas for foreign service personnel who are experienced in the handling of base matters and who understand the military problems involved."

#### Jurisdiction

Mr. Nash believed that Status of Forces Agreements should be given wide publicity, so that the implementation of them would come as no surprise. Mr. Nash states: "Jurisdiction arrangements should be unclassified. . . The executive branch should be prepared to release promptly detailed summaries of the facts in important cases tried in foreign courts. . . The outcome of U.S. courts-martial should be properly publicized in (the) host country. . ." He felt that "The United States should explore methods for defining the concept and application of 'performance of duty' where the host country refuses to accept the certificate

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of the military commander." He said, "There should be machinery for a prompt and fair decision by negotiation or by some impartial body." He wanted "prompt settlement of claims" under such agreements, "in a manner consistent with local practices and customs." And he thought that in all cases "the United States must be prepared to assure to allied troops here, in principle, whatever it asks of its allies in regard to American troops," particularly since allied troops here are few in number.

### Indoctrination and Language Training

Mr. Nash believed that "a program of general indoctrination and language training for U.S. military personnel and dependents should be continued and expanded," and he added that "at least one senior U.S. officer on each major installation should be thoroughly conversant in the language of the receiving state." Even a smattering of language knowledge would be worthwhile, he thought, for "it would add materially to the general acceptance of the U.S. presence abroad if all commanding officers could acquire facility in at least a few phrases of the host country's language. . ." He said that "the authorities of host countries and local leaders should be encouraged to participate to the maximum extent," and he wanted to see "joint boards and committees established at the national and local levels." Elsewhere in the text he wrote: "It is strongly recommended that this excellent move (to establish a training school for key U.S. MAAG officers) be expanded to encompass U.S. unit and installation commanders, their deputies, legal and public information officers, and comptroller and other key personnel," and he thought that indoctrination should include current U.S. policies and the political, economic, and military conditions in the host country.

### Use of Local Personnel

On this point, these recommendations give the gist of Mr. Nash's thinking: "Military authorities of the host country should be encouraged to take over (certain) U.S. functions." The United States should make "maximum use of indigenous skills, products, personnel and contractors. . . While it is recognized that it is easier. . . to use U.S. agencies and contractors. . . it is recommended. . . that, where there is adequate technical ability and know-how in a given country, this capability be used to the maximum extent, provided prices are competitive. . .

In the hiring of indigenous personnel, it should be established U.S. policy to apply strictly to the host government's labor laws and regulations, including applicable social security regulations... Case studies should be made by local commands and U.S. embassies... to make sure that U.S. forces are matching... benefits." He further suggested that cooperation with local non-Communist labor organizations might in some cases help to meet security requirements in the hiring of local personnel.

### U.S. Vehicles

On the use of the American automobile, Mr. Nash's recommendations were as follows: "All civilian type official vehicles (should) be painted inconspicuously and provided with unobtrusive markings and licenses," and "cars owned by individual members of the U.S. forces should bear the same type of license plates as other motor vehicles in the host country." On the matter of special privileges on gasoline, he had the following suggestions: "Added arrangements be made to assure payment by U.S. personnel for their fair share of road upkeep used by their private vehicles;" that "members of U.S. forces not be required otherwise to pay gasoline taxes;" and that "gasoline dispensing facilities be located wholly within U.S. installations, or in inconspicuous places used solely by U.S. personnel."

### Shopping Facilities

Concerning Px's and commissaries, Mr. Nash felt that "while members of the U.S. forces should not be forgiven taxes on their local purchases, they should be permitted to purchase through tax-free post exchanges and commissaries reasonable quantities of those items... essential to their comfort and... locally unobtainable in desired quantities and at reasonable prices." He added that "local produce should not be stocked (in such shopping facilities) wherever its sale would be in active competition with local merchants." And he wanted U.S. sales facilities to be "in inconspicuous places."

### Troop-Community Relations

"No area in our overseas base program is more vital to the retention of foreign support for U.S. policies than the continuance of good relations between members of the U.S. forces overseas and local populations." He urged participation by U.S. personnel in local sports events, in church and religious

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programs, and in cultural manifestations. He recommended "use of temporarily idle military equipment and machinery to benefit local communities" and hoped that we would "expand our community improvement programs," including emergency relief.

#### Observance of Local Customs, Laws, and Mores

Under this general theme Mr. Nash made a special point of the importance of full recognition of host country sovereignty. He liked the idea of flying the flags of both countries, or of all countries in cases of multilateral arrangements, and he pleaded for "serious consideration...for general application of the development and use of regional defense organization uniform insignia...; and vehicle and vessel markings, in addition to normal U.S. insignia and markings." He thought it would be "well to consider identifying installations used by U.S. forces with a designation of the appropriate defense regional organization." Then he wanted all signs and public bulletins in the language of the host country as well as in our own, and host responsibility for all external security installations used by U.S. forces.

#### Developing Identification of Interest

He devoted attention to what he called "improving the sense of identification of interest"--the concept of "mutuality." He said it was "essential...to emphasize the collective defense basis for U.S. activities, the fact that our military presence results from the wholly voluntary invitation of the host governments (thus constituting a manifestation rather than a derogation of national sovereignty), and the fact that the terms of our base arrangements are markedly different from those which formerly existed between local governments and colonial powers. The common interest aspects of the U.S. base program should be emphasized wherever possible." He thought that "military forces of the host country should on all practicable occasions be invited to participate in joint planning and in joint exercises and maneuvers" which "should be given maximum local publicity." "Facilities should, if possible, be used jointly," and host forces "should also be encouraged to make use of any U.S. facilities not in use." He wanted to "build installations for joint U.S.-host country use as local evidence of the mutual nature of the U.S. security program." He cautioned against "calling...attention to

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sensitive U.S. operations in which foreign forces do not share." "The development of a local stake in our continued presence can do much," he said, "to assure the welcome of U.S. forces," and he thought we ought to cooperate with local authorities... to minimize any adverse economic impact of U.S. forces," particularly in inflationary areas and in the field of housing. With a view to assisting all this he wrote: "It is evident that a continuing and effective public information program is essential."

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In summary, nothing in this present study, with the exception of Jurisdiction and Px's, is to be considered as either over-all concurrence with the Nash Report or as taking issue with any part of it. The report is cited here because of the close relationship of the two studies, both in time and in subject matter.

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## SECTION IV

### GENERAL WORLD-WIDE ADMINISTRATIVE PRACTICES AND POLICIES TO IMPROVE FOREIGN ATTITUDES TOWARD U. S. PERSONNEL OVERSEAS

#### INTRODUCTORY REMARKS

In making this study, detailed examination was made of the practices of the agencies having the preponderance of U. S. citizens overseas; i. e., Department of Defense, Department of State, U. S. Information Agency, and International Cooperation Administration. All agencies having U. S. citizens stationed in any of the designated countries, however, were asked to comment on their problems and their administrative practices bearing on the improvement of foreign attitudes toward U. S. citizen employees. Formal responses were received from Department of Justice, Department of Commerce, Atomic Energy Commission, Veterans Administration, and General Services Administration. Their administrative practices follow or are similar to those of State, USIA, and ICA and there were no observations in their reports which were in conflict with those of the four agencies principally concerned.

The participating agencies have identified the broad categories of administrative practices which have been followed to make the U. S. presence as acceptable as possible in host nations. Six main areas emerge as a useful means of cataloguing these practices:

(A) Personnel Factors -- Employees and Dependents. The proper selection and orientation of personnel designed to serve abroad are of particular importance in creating and maintaining the goodwill of receiving countries. Some training in the language of the country to which the American is assigned is both practical and desirable. Other personnel factors discussed are tour of duty and rotation policies, the role of supervision and inspection as a means of maintaining goodwill, the hazards of overseas service and health and medical benefits for overseas personnel, and problems of dependents' education abroad.

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(B) Use of Land. The taking of land for use in constructing installations overseas has been a frequent source of popular irritation. Methods now being used and proposed to reduce this friction are discussed.

(C) Impact on Local Economy. The infusion of large American spending into a local economy -- either the direct spending of American personnel and their dependents or U. S. government spending for building and maintenance -- has a direct impact on the economic institutions of the host nation. Economic privileges frequently enjoyed by Americans overseas, such as access to PX's and commissaries, can be both beneficial and objectionable to the various host countries. Housing of Americans overseas likewise can be a serious problem in our relations with the citizens of the host country. The labor impact of the U. S. government's hiring of local employees -- sometimes removing surplus labor from the economy and easing the burden of unemployment, other times contributing to an existing shortage of skilled workers -- is also discussed in this section. Included as well are the lesser problems of recreation facilities for overseas personnel, their hiring of domestic servants, and currency regulations and arrangements.

(D) Jurisdiction. The fourth of the broad problem areas concerns jurisdiction over those U. S. personnel who violate the civil or criminal laws of the host country. The arrangements pertaining to jurisdiction are generally established in the granting of diplomatic privileges and immunities or in status of forces or other bi-lateral agreements.

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(E) U. S. Vehicles. The impact on host countries of large numbers of American-built and operated vehicles has been of such magnitude as to warrant discussion in a separate section.

(F) Community Relations. Practices designed to improve community relations between overseas personnel and the local population are discussed in terms of press relations, cultural presentations, athletic competitions, and participation in civic and charitable programs. Observance of local customs and mores and settlements of death benefits and claims are also discussed as practices bearing on improvement of community relations.

Finally, this section includes a summary of administrative practices followed by American private enterprises having operations overseas. The detailed statement of these practices, prepared by the Office of Private Cooperation, U. S. Information Agency, is included as the Annex to Volume I of this report.

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**A. PERSONNEL FACTORS****1. Selection of Personnel**

Civilian Agencies. The Department of State, USIA, and ICA recruit on a centralized basis, assessing candidates' probable adaptability to life abroad through detailed background investigations, examination processes and panel interviews. In addition to the educational and experience qualifications, attention is given to personality factors.

Foreign Service officer personnel of the Department of State are appointed as a result of a nation-wide, highly competitive written and oral examination process, substantiated by a full field background investigation. Although the appointment of Foreign Service Reserve Officers in the Department of State at the present time is limited, when such appointments are required, the panel interview is used in conjunction with the background investigation to determine both the candidate's professional qualifications and his probable adaptability to life abroad.

Lacking career service legislation with provision for a nation-wide written and oral examining process for selecting junior officers, USIA stresses the use of a full background investigation and an extensive oral interview in judging the professional and personality qualifications of candidates. ICA, having a variety of highly specialized technical positions to fill, is required upon occasion to make compromises between the technical qualifications of a candidate and personality attributes which would be preferable. In such circumstances, assuming the candidate's technical qualifications are superior, the decision on his adaptability must be made in light of the necessity to fill a program position resulting from a bilateral agreement with host countries.

In the case of married candidates, the three agencies are interested as well in background information on the candidate's wife, who is recognized as an important potential member of the American community abroad. Clerical personnel are required to be single and without dependents at the time of appointment for overseas assignment.

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The Department of State conducts medical examinations for overseas personnel of the three agencies. Where indicated to be appropriate, the medical examination includes a psychiatric interview as an additional screening mechanism to minimize the possibility of sending abroad a candidate who will not adapt himself to life in the host country.

The policies of the three agencies provide that dependents may accompany their principals to the post of assignment at government expense. In the Foreign Service, traditionally, service abroad has been performed by the "family unit." Wives play a particularly important contributory role in representing the United States abroad.

Defense Agencies. All military personnel -- careerists, non-regulars and Selective Service inductees alike -- serve their proportionate share of foreign duty. For certain types of foreign duty, which involve official contact with nationals of the host country, careful and exact selection of personnel is made. Such assignments include duty as an Attache and the Military Assistance Advisory Groups in certain military missions and with international staffs. Factors considered in the selection of these personnel include tact, diplomacy, personal reputation and habits, initiative, discretion, adaptability, motivation, language qualifications, technical training and family situation. Consideration is also given to the qualifications of the wives of such persons. For example, the suitability of an officer's wife for the type of life that Attache duty involves is considered in the selection of Attaches and, within legal and fund limitations, the wives of Attache's designate are trained in the customs, background, culture and language of the country to which their husbands are accredited.

In the assignment of personnel to troop units overseas, strength and skill requirements and the necessity to make

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equitable distribution of foreign service among all qualified personnel preclude the application of such a high degree of selectivity. Care is exercised, however, to restrict the overseas assignment of military personnel whose records indicate that they would be undesirable representatives of the United States.

As a rule, dependents of key personnel are expected to accompany their sponsors overseas and to participate in local activities and functions. Dependents of other military personnel -- officers, and enlisted personnel of grade E-4 with 4 years of service and above -- are permitted to accompany their principals except where relatively short tours of duty exist, or where conditions of climate, lack of housing, military operations or other factors are adverse to dependents living abroad.

The large numbers required to man major troop duty stations overseas create a considerable impact on the host country, but the country reaction appears to be conditioned more by the quality of the personnel than by the numbers.

Civilian employees for overseas duty are selected for their technical qualifications and for personal characteristics such as loyalty, adaptability, integrity and sobriety. A survey made in 1951 to determine the best techniques for selecting qualified personnel for overseas positions showed that those persons who were in the Federal service at the time of their selection for overseas assignment did significantly better than those who were not. Hence, personnel are recruited insofar as possible from among Service employees who have established their competence and qualification for overseas assignment. In all cases checks are made with supervisors, previous employers, educational institutions and the police. Overseas commands permit dependents to accompany their civilian sponsors when housing is available and the political climate and military situation are favorable. Insofar as possible, special attention is given to the adaptability of the employee's family and to his ability in the language of the country to which he will be assigned. All Services limit the recruitment and transfer of U. S. civilian personnel for overseas duty by making maximum use of qualified persons available locally overseas.

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## 2. Orientation and Indoctrination

Civilian Agencies. Clerical appointees of the three agencies receive orientation training in Washington prior to departure for duty abroad. These courses include general area briefing, lectures and discussion on foreign attitudes toward the United States, requisite behaviour abroad, intercultural communications, current American scene and American foreign policies. Clerical appointees of the Department of State and USIA, in addition, serve from three to nine months in Washington as an additional testing period.

The officer personnel of the three agencies all receive indoctrination training. The length of his training varies from 2-1/2 to 12 weeks (i. e., 2-1/2 weeks in ICA, 8 weeks in USIA, and 12 weeks in State). In the case of ICA, such orientation is also available to its contract and participating agency personnel but attendance is not mandatory. The training of newly appointed junior Foreign Service officers also includes language training.

In nearly every instance newly assigned officers and clerks of the three agencies are met at the airport or dock in their country of assignment by representatives of the agencies. Shortly after arrival at post, briefing interviews are scheduled with key officials, giving the new arrival detailed information regarding housing, local customs, local mores and situations to be avoided in the local community. In addition to these measures uniformly conducted at each agency's post or mission, a recent survey by the Foreign Service Institute disclosed that in 6 of the 19 designated countries the civilian agencies have joint, formally organized orientation programs. Civilian personnel (and dependents in most cases) of 10 U. S. agencies, the military attaches, and MAAG personnel have been and are represented at these formal orientation programs in Afghanistan, France, Germany, Italy, Turkey, and Viet-Nam.

Within the limitations of the available classroom space, security restrictions, and without cost to the government, wives of personnel of the three agencies are permitted and encouraged to participate in the indoctrination courses prior to departure abroad for their first assignment. This orientation training is supplemented upon arrival by similar training at many of the posts abroad.

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Defense Agencies. The orientation and indoctrination programs of the Military Forces are applied selectively according to the nature of the mission to be performed overseas -- from the intensive training of key personnel to the troop briefings of enlisted men in a replacement unit. For example, the orientation of persons assigned to missions, advisory groups, international staffs and Attache offices includes courses of instruction in a foreign language, public relations, local customs, country research, community relations, security practices, international agreements and area background. Opportunity is afforded for talks with area-experienced personnel and for correspondence with counterparts serving in the country concerned. Effort is made to stagger senior personnel changes to insure continuity of operations and preserve at all times a hard core of experienced personnel with an understanding of customs of each concerned country.

Worthy of note is a special orientation and training course for key Military Assistance Advisory Group personnel -- field grade officers and above -- which was recently approved by the Secretary of Defense. Personnel reductions, new weapons and increased emphasis on the military-politico-economic role of the MAAG, have placed additional demands upon the Group. The 3 - 4 week course is designed to improve their competence in administering the Military Assistance Program. Approximately 3 - 6 months before departure for overseas assignment, these officers will participate in a self-study program, including off-duty language training.

Troop briefings -- through talks, films and Service pamphlets -- are given troops prior to departure from home stations and upon arrival overseas. They cover the availability and type of housing, educational facilities, recreational facilities, local customs, climate, the cost and standards of living, the importance of harmonious relations with native personnel, currency regulations, etc. The President's letter to military personnel assigned overseas, and DOD publications such as "Pocket Guide" pamphlets on the history, language customs, laws and mores of a country, are distributed. Service publications which are made available include such pamphlets as "Serving Your Country Overseas," "International Communism," "The Country in Which You Serve." Distribution of such material, initiated in 1942, has become standard

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practice among all Services. The orientation and indoctrination of military personnel is continued throughout the individual's tour of duty overseas.

Formal training courses, conferences, briefings and printed material provide information for prospective overseas civilian employees regarding the country to which assigned, the employment conditions, facilities, and the responsibilities for advancing good will in foreign lands. One of the reading papers is a "Statement of Living and Working Conditions" prepared for the overseas post. It contains such information as the following: (a) the employee's responsibility as a representative of the American way of life; (b) significant differences between the laws of the area and those of the United States, law enforcement, and protection afforded by courts of the area; and (c) a statement that the employee and his dependents are required to respect, and may be subject to, the laws of the area where they reside. Additional training and guidance is provided through station reports and correspondence with the personnel whom the candidates are replacing at overseas stations.

Within legal and monetary limits, wives of Attaches are trained in the customs, background, culture and language of the country to which their husbands are assigned.

Courses to assist families in establishing residence in foreign countries and to emphasize the obligation of the families to develop and maintain good community relations during their overseas residence are conducted at bases of departure for dependents scheduled for overseas travel. These efforts are supplemented with a battery of pamphlets and brochures for individual consumption. Further indoctrination and orientation of families of Defense personnel is administered by overseas commanders through films, slides and lectures.

### 3. Language Training

Civilian Agencies. The Department of State has an intensive program to improve the language qualifications of Foreign Service officers. All junior Foreign Service officers must qualify in at least one modern foreign language before they will be found eligible for promotion. Newly appointed Foreign Service officers of Class 3 who have not passed the language

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examination in connection with their appointment are required to take intensive language instruction at the Foreign Service Institute prior to their assignment abroad. All overseas employees of USIA and ICA are encouraged to acquire at least a modest vocabulary in the local language and to avail themselves of formal language instruction facilities where they exist at the post of assignment. All three agencies have programs of assigning selected officer personnel to extended language training at appropriate times in their careers. Both ICA and USIA are providing for language training over a broader base.

Foreign Service Institute reports as of September 30, 1957, showed a world-wide enrollment of 2,260 U. S. personnel and dependents in field language training programs being conducted by the civilian agencies, exclusive of the attendance at FSI's field schools of language training. This enrollment included 1,939 personnel and 321 dependents covering 12 agencies including the military services.

As in the case of orientation training, wives are encouraged on the same basis to participate in language training at those posts abroad which have formal language training facilities or to obtain private tutelage in the local language.

Defense Agencies. Both mandatory and voluntary language courses are utilized in training personnel for overseas duty, depending upon the individual assigned mission.

Language training is mandatory for those who will work closely with host government personnel, such as persons assigned to Attache duty, MAAGs, missions, international staffs, intelligence functions and other liaison duties. Where available, qualified personnel already having basic language ability are selected for such assignments. Where such personnel are not available, selectees may be trained at the Army or Navy Language School, in a 200-hour commercial course in the Washington, D. C., area, or in a special language course overseas, among others.

As far as funds will permit, off-duty language training is made available in overseas theaters on a voluntary basis. Until recently in the European theater, many military personnel were required to take the native language courses during duty time, but

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reduction-in-force and budgetary limitations have resulted in the discontinuance of this program. The value of off-duty study through USAFI language courses, Army Education Centers and civilian agencies is emphasized.

Civilian employees are given on-duty language training in overseas areas on an "as needed" basis, within fund limitations. Facilities of Army Education Centers are available to civilian personnel at no charge, on a space available basis, and study of the language of the country is encouraged.

Dependents of both military and civilian personnel are eligible for voluntary, Service-conducted, native language classes on a space available basis.

In Europe, until recently, a mandatory native language program was included in the dependent school curriculum of both elementary and secondary grades. Due to reduction-in-force and budgetary limitations, the program was discontinued in the elementary schools. This action caused many unfavorable comments in the European press. The reestablishment of such courses in Service-operated schools in Europe has been strongly urged.

#### 4. Tour of Duty and Rotation Policies

Civilian Agencies. The Foreign Service, being a career service administered on a world-wide availability basis, recognizes in its tour of duty policy (a) the needs of the post as reflected by the position to be filled, and (b) the needs of the individual officer for development in related fields of activities of the Foreign Service. The tour of duty policy of USIA is designed to provide a sufficient period of service in a given area of the world for the officer to develop the personal contacts which are essential to the effective performance of his mission. The tour of duty policy of ICA, on the other hand, is generally directed to provide the necessary technical skills required by the particular country program. To the extent practicable, the policies of the three agencies also endeavor to provide a reasonable sharing of hardship posts, interspersed with assignments which will provide relief from rigorous climate or other adverse conditions. ICA's economic assistance programs are carried out in some 60 economically under-developed countries, primarily

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hardship posts. In many cases this limits the ability of ICA to provide relief from adverse conditions by reassignment of its employees.

Collectively these service needs preclude the adoption of a policy of short tours of duty under which the dependents of officer personnel would be encouraged to remain in the United States for the duration of a particular assignment. In the Department of State the concept of the Foreign Service family unit serving abroad, in itself, precludes separation of the officer from his family except in emergency situations.

Defense Agencies. It is the general policy that insofar as possible acceptable patterns of American living will be enjoyed by military personnel and their dependents wherever they may serve; that efforts will be made to minimize periods of forced separation and adverse effects of overseas service; and that decisions to move dependents overseas will be based on the standards of living and general desirability of the area, the political climate in the country concerned, the probability of potential enemy attack and the possible adverse effect that the presence of dependents might have on a unit's mission, operations, readiness or combat capability.

Overseas tours are generally established at the maximum duration with due consideration for the health, morale and career development of the individual. Other factors in determining the length of tours are existing medical, housing and educational facilities, and isolation of the duty station. While the standard overseas tour for military personnel accompanied by dependents in a desirable overseas location is 36 months, tours of duty vary from 12 to 36 months depending upon the desirability of the area, with a provision for voluntary extension up to a total of 48 months overseas duty. Consideration is given to a reasonable sharing of service in both desirable and undesirable areas.

DOD policy also provides that: tours of duty, to the maximum practicable extent, will be of uniform duration for personnel of all Services in a country or area; and that personnel serving overseas without their authorized dependents will be permitted a differential in the length of their required overseas service if the separation is due either to military conditions or

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to the sponsor's decision not to move his dependents overseas.

Standardized tours of duty for civilian employees require a maximum overseas tour of 24 months. Shorter tours are authorized for certain occupational categories and for geographical areas where living conditions warrant a shorter tour.

There is no fixed rotation policy for civilian employees; however, administrative reemployment rights were established several years ago for civilian employees of the Services and, increasingly, employees are moving from State-side to overseas posts, with return to State-side.

Statutory reemployment rights are desirable, giving the overseas employee the right to return to the position held immediately before overseas assignment, or to a position of like seniority and pay.

#### 5. Supervision and Inspection

Civilian Agencies. In addition to the normal responsibilities of supervisory officers at the post, supervision and inspection activities of the three agencies are directed from the Washington headquarters. These consist of (a) a fully documented record of field performance; (b) frequent inspection visits from the headquarters organization by agency officials reviewing the effectiveness of program operations and personnel performance; and (c) periodic reviews by inspection and audit teams.

The efficiency rating systems of the three agencies give particular attention to the personal qualifications of officers and clerks serving abroad. The record of performance includes such elements of adaptability as tact, character, conduct, attitude, relationships with foreign nationals (including foreign national employees), emotional stability, and other factors pertinent to representing the United States abroad. These data are carefully considered by selection and assignment boards in Washington.

In addition, other reports on personnel are submitted to the Department of State by the Foreign Service Inspection Corps as well as by the Department's security officers and to ICA and USIA by comparable organizational units in those agencies. Where adverse information is received indicating failure of an employee or his family to adapt to life abroad, the agency concerned moves

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promptly to re-assign or terminate the employee, as appropriate.

Defense Agencies. Supervision and inspection of military personnel is a normal function of military command. In addition to the supervision provided at each command level, inspections are conducted by appropriate elements of the Military Departments and the Office of the Secretary of Defense. For example, the Inspector General of the Army, Navy, Air Force and Marine Corps respectively conduct periodic inspections covering matters relating to personnel, including a review of morale facilities in the area and disciplinary problems which indicate, among other things, problems arising from contact with foreign nationals. Corrective action is taken as soon as problems are identified. In the case of key personnel overseas, supervision is effected by staff visits from their Departmental supervisors in Washington.

Inspection and evaluation of civilian personnel management programs is a continuing responsibility of commands at all levels. Special attention is given to review of the recruitment, selection and orientation functions at installations selecting personnel for duty outside the United States and at oversea installations where personnel are hired locally.

Supervisory development is an active program within the Departments. It is designed to insure that all supervisors, regardless of job title or citizenship, are equipped to administer human and material resources under their jurisdiction with economy and efficiency. Courses are held for all supervisors - citizen, non-citizen or indigenous.

#### 5. Health and Medical Benefits (U. S. Employees and Locals)

Civilian Agencies. American employees of the three agencies are covered under medical programs administered under the provisions of the Foreign Service Act of 1946, as amended. These programs include physical examinations, immunizations, treatments, travel expenses to the nearest suitable medical facility, and medical supplies which may be purchased by officers and employees for their personal use or the use of their dependents.

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Dependents of officers and employees of the three agencies receive examination, immunizations, and may purchase medical supplies. They do not now receive treatment or travel and transportation at government expense to suitable hospital facilities. The medical program provides examinations for local employees as well as voluntary immunization programs, but no medical coverage is provided to dependents of local employees.

In many areas of the world unhealthful conditions, climate, personal risks resulting from violence, etc., have required that an appropriate incentive be provided for service in such areas. To offset these conditions a structure of post differential allowances is administered by the Department of State. While the post differential program has no direct relationship to the improvement of foreign attitudes towards U. S. citizen personnel overseas, the Department of State recognizes the need to avoid offending the local population by the publication of the term "hardship" in connection with the host country.

Defense Agencies. Military personnel on duty overseas entitled by law to full medical care at medical facilities of the Services. Authorized dependents of military personnel, also, are entitled to medical care, but it is limited to diagnosis, treatment of acute medical conditions, surgical conditions, contagious diseases, immunization, and maternity and infant care. The provision, from Government stocks, of items such as hearing aids and spectacles is authorized at invoice cost to the Government where adequate civilian stocks are not available.

Civilian employees of the Department of Defense are authorized to receive treatment for on-the-job illness, injury and dental conditions requiring emergency attention. For other than emergency treatment, such personnel assigned overseas are "furnished medical care subject to the availability of facilities only in the absence of adequate civilian medical facilities as determined by the appropriate major commander." Dental care is limited to emergencies, dental treatment for the relief of pain or acute septic conditions, or for dental conditions associated with serious illness requiring hospitalization.

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## 7. Educational Facilities

Civilian Agencies. Agencies pay educational allowances to U. S. citizen employees in foreign areas who are faced with unusual expenses in schooling of their children in grades one through twelve. The large majority of children of Foreign Service personnel, as well as USIA and ICA personnel, attend local schools at the posts of assignment where teaching is in English. A substantial number of children, however, do attend foreign language schools, and with apparently satisfactory results. The Defense Department maintains a separate system of U. S. tax-supported schools administered comparably to U. S. public schools. Less than one-fifth of the Foreign Service children are able to attend these schools. ICA is proposing legislation which would permit use of Mutual Security Funds to construct school buildings in those countries where ICA is unable to lease facilities for the establishment of a school to meet the needs of employees' dependents.

In most of the schools used by the dependents of personnel of the Department of State, USIA, and ICA, the American children mingle with local children and often with children of other nationalities. Schools that are organized abroad primarily for American children have encountered, with a few notable exceptions, no objection on the part of local authorities. Indeed many of these schools have been welcomed as a means of meeting over-crowding in the local public school system, but children attending "American only" schools such as those operated by the Department of Defense undoubtedly have less opportunity to learn foreign customs and habits from their classmates. On the other hand, children educated at "American" schools tend to maintain their ties with the United States more closely than do their colleagues who attend local schools.

Americans on indirect hire, such as those working for firms under contract to the U. S. Government, are generally afforded opportunities to utilize existing local educational facilities for their children or are given some form of compensation to offset the cost of schooling abroad.

Defense Agencies. Local school facilities in foreign countries are used whenever suitable instruction is offered in the

English language and when use does not overburden the available facility. Educational services for the majority of minor dependents of both military and civilian personnel are provided in Service-operated schools, using facilities available for leasing or facilities constructed on base.

Schools for dependent children must meet the standards of accreditation agencies in the United States to qualify children for re-entry into American public schools when their sponsors return home or when they seek admission to college. It is, therefore, frequently necessary to establish American schools staffed with American teachers (who constitute an important segment of the Departmental civilian employee population in overseas areas) even when European schools are available. In such instances, local teachers are usually hired to teach the native languages when their qualifications are comparable with those required of State-side teachers. (The majority of the school's clerical and custodial personnel are also indigenous).

Policy provides for the admission of citizens of other nations to United States operated schools where there is no objection from host countries and when the local commander, with the approval of the major area commander, determines that it will serve the best interests of the United States and will not require enlargement of existing facilities and services.

The dependents' school program includes sponsored visits of American pupils to native schools and corresponding visits of native school children to American schools. The program also includes joint social and cultural activities, play and social hours, and the presentation of dramatic plays and skits. Such activities are commonly planned by the school student council. In conjunction with their program of studies, the schools take classes of students to visit cultural centers, farms and businesses, and places of historical interest in the area of the school.

Both school and base libraries also provide rewarding contacts with foreign peoples and their cultures. Indigenous personnel work in U. S. libraries, and are supervised by U. S. librarians, thereby learning American library procedures. U. S. librarians also establish contacts with foreign librarians by mutual visits, attendance at library meetings, and by loan of library materials. Excess periodicals and other publications are distributed to local native educational institutions, including libraries.

In isolated areas where the number of students is insufficient to establish a school, the Military Departments provide the Calvert System of Home Instruction for Grades 1 through 9 and extension courses of the University of Nebraska for Grades 10 through 12 inclusive.

**B. USE OF LAND**

Defense Agencies. The acquisition, management and disposal by the Military Departments of all real properties located in foreign countries is governed by international law and agreements, the applicable provisions of U. S. law, the applicable provisions of local law, and implementing governmental policies. Such real estate operation overseas must also give consideration to local laws, local customs, control over real estate exercised by local governmental agencies, and other factors that may affect policies and procedures.

Defense policies provide: that care be taken to insure that the least disruption possible is caused local populations by real estate activities; that maximum use be made of local governmental agencies in the handling of real estate matters with their own nationals; that the number of individuals of the Armed Services dealing with local governmental officials in overseas commands be kept to the minimum, and frequent changes in personnel be avoided; that, wherever practicable, a single office be assigned the responsibility for conducting real estate operations for all Services in a specified locality; and that close liaison be maintained among the Services to insure the most effective handling of real estate matters and the best use of the real estate.

Some duplication of requirements among the Services and a tendency to maximize operational needs have necessitated closer coordination and review of individual programs. Careful check is made to insure that the bases and facilities programmed by each Service are essential to the implementation of the strategic guidance and joint plans approved by the Joint Chiefs of Staff. In cases where more than one Service has a requirement for the same type facilities, e. g., ports, airfields and communications facilities, such facilities must be designed, when possible, to accommodate similar or related requirements of other Services in the same area. Wherever feasible, the U. S. Forces use land and facilities jointly with the host nation.



Procedures, in general, are as follows:

Each Military Service coordinates its foreign base requirements (which are based on JCS plans) with other Military Services in the area and submits its requirements annually to the Joint Chiefs of Staff.

The combined current United States Base Requirements Overseas (USBRO) is approved by the Joint Chiefs of Staff.

On the basis of approved USBRO, the individual Services submit their requirements to the Department of Defense, and plans and positions pertaining to the negotiation of agreements with foreign governments for military facilities and operating rights are established.

The Secretary of Defense requests the Department of State to take action, with such Department of Defense assistance as is required, to obtain the necessary rights from the host country.

Under bilateral agreements, land is generally made available by the host government without cost to the United States Forces. Where possible, local personnel are permitted to cultivate the land under U. S. control as in the cases of antenna installations located on lands where several thousand acres may be under cultivation.

In the disposal of foreign excess real property, the using Service coordinates its plans with other Military Departments, for determination of their requirements. When it has been determined that property is excess, disposal is made as promptly as possible in accordance with applicable laws, treaties or agreements, and in conformance with the foreign policy of the United States.

CONFIDENTIAL**C. IMPACT ON LOCAL ECONOMY****I. Shopping Privileges**

Civilian Agencies. Generally, where military post exchange facilities exist, access is granted to personnel of the civilian agencies and their dependents. Field reports indicate a resentment by local nationals in some countries to (a) the sale of imported "luxury" items not otherwise available to the local population and (b) the competition which these shopping facilities offer to local merchants. In one instance a recommendation was noted that a new location should be selected for the PX or commissary facility which would minimize the conspicuous use of such facility by American personnel.

With relation to foodstuffs and related sundries, the Foreign Service Act of 1946, as amended, provides authority for the establishment and maintenance of emergency commissaries or mess services abroad as well as authorization to assist in the establishment and maintenance of privately-operated commissaries and mess services. Experience in making mess facilities available to local employees of the U. S. agencies abroad has been generally satisfactory, but only in limited instances and for a limited number of items can locals be permitted to use the commissaries, since the commissary operation entails "duty-free" commodities which, under various exemptions from imposition of customs duties, can only be used by Americans. The need for the continuation of such facilities is recognized both by private American business for its own operations abroad and by U. S. Government agencies. Measures to avoid appearances of conspicuous consumption, or to curtail black market activities and related undesirable aspects of the maintenance of commissary and PX privileges can best be developed and implemented by the principal officers at post. Ample authority exists for disciplinary action to be taken against American or local employees of any of the three agencies for reported black market activities.

Defense Agencies. As a citizen of a prosperous and highly industrialized civilization, the American citizen enjoys a standard of living and is used to a way of life

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which is far different from that of many of the countries in which he serves. His pay, emoluments and immunities set him apart from the indigenous population and are often a cause of friction with them.

The Exchange Service recognizes a dual responsibility in all overseas areas of maintaining high morale for its patrons while, at the same time, functioning to create the least possible disturbance to the local economies of the host countries. In this connection, every effort is made to employ local people, make local concession contracts, and to refrain from captive local procurement of scarce merchandise. Continuous efforts are made to adjust pricing of resale items and services in such a way as to meet customer acceptance and local community approval. As a result of this practice good relationships with local peoples have existed for the most part.

Procurement of merchandise is made throughout the open market without favoritism. Exchanges may procure from either local foreign markets or from sources in the United States. With the agreement of the host country, overseas commanders may extend the purchase and service privileges to all categories of personnel whose mission is deemed to be in the interest of the command.

As in the United States, local problems over types of merchandise on sale arise from time to time and are resolved locally.

## 2. Housing

Civilian Agencies. Competition of American employees of the three agencies with local nationals of the host countries for scarce housing is unavoidable in many posts abroad. The basic policy provides for the use of government housing, if available, or the private leasing of housing with a quarters allowance. The policy allows American employees to obtain housing which most nearly approximates U. S. standards of health, comfort, safety, and security. Where necessary, some housing is leased under arrangements which permit suitable renovation to bring the housing to an

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acceptable standard. The reactions of local nationals vary widely with respect to the housing obtained by American personnel. Where the scarcity of housing is a source of irritation, programs adopted at the post provide the only effective means of minimizing the problem.

Defense Agencies. Almost without exception, foreign countries where U. S. troops are stationed are characterized by a shortage of housing for their own population. The use of local private housing by large numbers of U. S. personnel tends to raise housing prices and to withdraw the best of the available housing from the local populace. This is among the most important of the problems which affect the attitude of foreign citizens toward U. S. personnel.

As a primary measure in the correction of this problem, the Department of Defense constructs, leases, or otherwise acquires family housing for use of military personnel in foreign countries. Since housing, in spite of its acknowledged importance, cannot compete for appropriated funds with urgently required operational facilities, it has developed naturally that housing is constructed or acquired largely to the extent that this can be done without the use of appropriated funds.

The Surplus Commodity Housing Program, which authorizes the construction of housing from funds obtained in agricultural commodity sales, has already produced 2,300 units of housing which are now occupied by U. S. personnel in the United Kingdom and Japan. An additional 5,200 units are now under contract in Spain, France, and Japan, and more than 7,000 additional units in 9 countries (including Italy, Spain, France, Morocco, Iceland, and the Philippines) are planned for construction in FY 1959.

The Rental Guarantee Program, under which the Department of Defense executes a guarantee of income for privately built, privately financed housing, has produced 4,800 units of housing in France and 700 units in Morocco.

In spite of the important progress achieved to date, there remain important deficits of housing in almost all

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foreign countries. It is estimated that the total of these deficits is approximately 70,000 units.

In the construction of housing in foreign countries, the Department of Defense makes every effort to promote the integration of U. S. families with the local population and to minimize the apparent differences between U. S. housing and local housing. To this end, as well as for reasons of economy, housing in foreign countries is usually constructed on a slightly more austere standard than in the United States. Every effort is also made to avoid the appearance of a "Little America" effect. While at the same time the interior layout and equipment conform to American standards, it is also true, of course, that in certain cases, where necessary as a military requirement or where justified for the physical safety of U. S. personnel, housing is built within the installation boundaries.

Housing in many areas is required on an extensive and urgent basis in order to avoid family separations and thereby overcome one of the most important problems confronting the U. S. Government in retaining personnel in the military services. Through current programs important progress is being made in meeting the large deficit of housing in foreign countries. "Little America" communities are considered undesirable because they tend to isolate military dependents from the local population and are avoided insofar as possible through careful planning and design.

### 3. Employment of Local Personnel

Civilian Agencies. The policies of the three agencies provide that, consistent with security requirements, maximum use be made of foreign national employees. The programs governing local personnel administration are coordinated by the Department of State and are administered in accordance with the provisions of the Foreign Service Act of 1946, as amended.

Compensation systems are based on prevailing salary rates and practices of the area in which the post is located. Governing policy prohibits discriminatory practices against local employees. Local holidays are granted in

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accordance with the national customs of the host country. The program includes a leave system as well as provision for a retirement system.

The maximum use of local personnel by ICA is an inherent characteristic of their assistance program which is directed toward the development in the host country of a store of technical skills which can be used for the improvement of agriculture, health, industry, education, and governmental processes. In addition, ICA plans to increase substantially the use by contract of "third country" nationals possessing the requisite skills and language capabilities, as technicians in program operations, particularly in those of the designated countries where the number of Americans is the overriding problem.

Defense Agencies. Department of Defense policy requires that positions overseas be filled by local recruitment except for those positions which must be filled by United States citizens for security reasons or because the necessary skill cannot be obtained locally. This has the obviously desirous effect of reducing the need for importing workers and it reduces the possibility of friction with the host country.

Present policies and practices encourage the development and training of local personnel for higher skills and supervisory jobs. Local laws and customs are followed in the employment and administration of local national personnel to the extent that such laws and customs are compatible with management needs and with governing United States law and regulation.

The U. S. Forces strive to be good employers. Every effort is made to provide safe working conditions. Employees are kept informed through station papers in their own language and are permitted to form their own welfare and recreation associations. Some excellent training programs are provided. Amenities such as rest rooms, lunch rooms, showers, lockers, etc., are provided in varying degrees in each country, depending on local custom, budget considerations, and physical facilities prevailing. Surveys of employee opinion have resulted in improvement of these facilities.

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Employees are hired under two systems, referred to as "indirect hire" and "direct hire." Under the "indirect hire" system, agreements are concluded with the host government whereby that government, or an agent of the government, is in fact the actual employer and employees are assigned to the United States Forces on a reimbursable basis. Thus the personnel programs are in compliance with local laws and customs. Under the "direct hire" system the U. S. Forces are the actual employers and, except when required by treaty to observe host country legislation, must comply with certain laws governing the employment of personnel by U. S. agencies which were designed for application to U. S. citizen employees.

The determination as to which system to use depends on a variety of factors such as differences in local law and custom, desires of local government, number of employees and period of time for which they will be required, effect on local labor market and others.

The Department of Defense, during the post-war period, has become a major employer of local personnel in many foreign areas, and its personnel policies and practices have become the subject of considerable local and even national interest. There is general agreement that, under these circumstances, it would be to the advantage of the U. S. Government in its relations with foreign countries and their citizens to be able to observe local laws and customs more fully. Because of the lack of permissive legislation there are many areas in which it is not possible to do this.

#### 4. Recreational Facilities

Civilian Agencies. Generally, officers and employees are expected to provide for their own recreational needs. In certain posts, where such facilities are non-existent in the local communities, programs have been developed by the American community to provide some facilities. Where the number of employees is small, the Department of State requested appropriations to construct swimming pools, tennis courts, etc., or provide other recommended facilities and equipment. Where the local community does not offer recreational facilities, those supplied by

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the U. S. Government cannot normally be opened for general use by the local nationals, but in some instances limited access is made available on a guest basis to local employees, under policies approved by the Chief of Mission. Denial of such facilities to local employees has been reported by USIA as a source of irritation in some areas.

Defense Agencies. Facilities are constructed to meet minimum requirements only, with the following criteria constituting the major determining factors: availability of existing facilities at nearby installations and civil communities; whether the installation is permanent or temporary; essentiality of a particular facility as dictated by the nature of the mission; climatic and topographical conditions; and implications with respect to morale.

The general policy in this area is to provide facilities comparable to those found in a typical American community, in order to assure that personnel do not overburden local recreation resources to the detriment of indigenous peoples. Care is taken to make sure that recreation activities do not compete with foreign commercial enterprises and that no form of public recreation is subsidized.

Efforts are made to share recreation services with recreation leaders and groups in local foreign communities. For example, coaches' and officials' clinics are held annually covering the sports in which American servicemen have the greatest interest, i. e., football, basketball, baseball, boxing and softball. Although these clinics are intended primarily for the benefit of Service personnel and their dependents, attendance by foreign national leaders of sports organizations is encouraged.

##### 5. Domestic Servants

Civilian Agencies. No formal agency jurisdiction is exercised over the employment of domestic servants by personnel of the three agencies. Local domestic employees are paid by their employers in accordance with prevailing rates and practices in the local labor market. Quarters, uniforms and other perquisites

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generally follow the local practice. In some areas, the competition for competent domestic employees is a source of friction with the local population, which can be minimized only through measures developed at the post.

Defense Agencies. In many locations overseas, the employment of domestic servants is more of a necessity than a luxury, especially when economy housing, characterized by lack of modern conveniences, is utilized. Pay, quarters and uniforms follow prevailing rates and practices of the local labor market. In some commands and installations, security clearances are required.

The importance of the proper utilization of domestic servants cannot be overstated. It frequently develops that actual military-local community relationships are more directly shaped through these day-to-day contacts than through any other seemingly more dramatic activity.

#### 6. Currency Regulations

Civilian Agencies. Personnel of the three agencies are governed by the same regulations regarding currency conversion.

A review of the agencies' recent experience of disciplinary actions for non-compliance with these regulations indicates that the regulations are realistic and explicit, and there is general compliance with them. Notwithstanding, Americans are presented opportunities for profit in situations where the currency exchange rates officially established by the countries, and to which our regulations are geared, are artificial and unrealistic in relation to the common market rate of exchange. It should be recognized, however, that the exchange rate frequently imposes a hardship on personnel who must purchase their local currency requirements at the official rate of exchange.

In summary, violations of local currency regulations carry appropriate penalties. Where violations occur they are less a source of irritation to the local populace than an affront to the local government and its control processes.

Defense Agencies. U. S. Armed Forces personnel are required at all times to comply with U. S. military

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foreign currency regulations and with the currency control regulations of the government of the country in which they are stationed.

Currently, the countries of Afghanistan, Ethiopia, Greece, Indonesia, Iran, Saudi Arabia, Spain, Taiwan (Republic of China), Thailand, Turkey and Viet-Nam are U. S. dollar areas. In these areas U. S. Armed Forces personnel are paid their basic pay and allowances in U. S. currency or by U. S. Treasury check. Such personnel, who might need foreign currency for use in the local economy, may acquire the currency of the country in which they are located by exchanging their U. S. dollar holdings for foreign currency at U. S. Armed Forces finance offices, U. S. Embassy finance offices, Class B Agent offices, or at local establishments or institutions that have been authorized by local governments and approved by the local U. S. commander to engage in exchange transactions for authorized personnel. These foreign currencies are sold by the finance office and other authorized exchange sources at the rate at which acquired, which is usually the official rate between the U. S. dollar and the foreign currency concerned, or at a rate other than the official rate which has been approved by the local government.

Currently, the countries of France, Germany, Iceland, Italy, Japan, Korea, Libya, Morocco and the Philippine Islands are military payment certificate areas. In these areas U. S. Armed Forces personnel are paid their basic pay and allowances in these certificates, which is the only medium of exchange that may be used in FX's, commissary stores, officers' and non-commissioned officers' clubs and other Service activities. The certificates cannot be used in the local economy and have no legal value while in the hands of unauthorized individuals. U. S. Armed Forces personnel who need foreign currency for use in the local economy may acquire such currency by exchanging their certificates into the currency of the country in which they are stationed at any U. S. military finance office, Class B Agent office and banking facility located on U. S. installations.

It is believed that current practices and regulations in "dollar areas" are effective, and need not be changed

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now or in the foreseeable future. In Spain some difficulty exists due to a wide margin between the rate at which U. S. personnel may legally acquire pesetas and the more favorable open market rate. However, the United States is now taking action in an attempt to obtain a more favorable exchange rate for U. S. Armed Forces personnel.

Present military payment certificate practices are not entirely effective. In some areas local governments have not made it illegal for their nationals to possess the certificates, or if possession is illegal the local government does not take positive action to apprehend and prosecute the unauthorized possessors. Consequently, the certificates are channeled by a few U. S. personnel into unauthorized hands and into the black market. Black market dealers then sell the certificates at a substantial discount rate to a few U. S. personnel in exchange for PX and commissary items, or for U. S. dollars that some U. S. personnel illegally have in their possession in an MPC area.

The military departments, with the concurrence of the Departments of State and Treasury, are attempting to discontinue the use of military payment certificates in those areas where the host country will allow such discontinuance. In those areas where the host country will not allow the discontinuance of the certificates, it is hoped that the country concerned will, in the future, more vigorously assist U. S. authorities in preventing the certificates from being acquired by unauthorized individuals, including black marketeers.

In some foreign areas where U. S. personnel are stationed, there exists a more favorable open market exchange rate not legally available to such personnel, in contrast to the legal exchange rate that must be utilized by them. These legal exchange rates are set by country-to-country agreements, letters of understanding, technical annexes, etc. Due to political and economic reasons, both from the standpoint of the United States and the foreign governments, the revision of legal exchange rates is most difficult.

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In some geographical areas, while exchange rates for all government-connected personnel are uniform, these are in many cases unrealistic. By being forced to make conversion at negotiated rates of exchange, U. S. Government employees, in contrast to other Americans abroad and indigenous personnel, suffer unreasonable financial loss, which in some cases is rather severe.

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D. JURISDICTIONDiplomatic Privileges and Immunities

Civilian Agencies. As the result of vastly increased activities of the U. S. Government abroad the number of American citizen employees having diplomatic status, privileges, and immunities has increased substantially over the past ten years. In addition to the privileges and immunities accorded to U. S. diplomats by international law and the comity of nations, a series of bilateral agreements have been evolved which in themselves provide for immunities and privileges for personnel who do not possess diplomatic titles.

The Department of State is making every effort to keep to a minimum the number of representatives of civilian agencies who have been granted diplomatic titles, since the number of Americans abroad having diplomatic status and thereby enjoying immunities has become an increasingly prominent source of irritation to the host governments but not necessarily to the local populace. The USIA and ICA are cognizant of this problem and are endeavoring to cooperate with the Department in holding requests for titles for their staffs to a necessary minimum.

Defense Agencies. Prior to the stationing of large military forces in foreign countries, the majority of U. S. governmental employees abroad were in connection with diplomatic missions and enjoyed a kind of diplomatic privilege stemming from the broad concept of the "Ambassador's Suite." The present military forces abroad, however, have raised a very delicate issue of the exercise of criminal jurisdiction over large numbers of servicemen and their dependents by the friendly countries in which our forces are stationed in peacetime -- obviously not on a diplomatic mission.

Basically, the question is whether an American soldier charged with a crime against a local citizen of an allied land, should be tried by U. S. court-martial or by the local courts. The U. S. desires to maintain disciplinary control of its own troops, to insure the standards of American military justice established by the Congress. On the other hand, the exercise of criminal jurisdiction is considered by the local country to be fundamental to its sovereignty.

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The problem has been handled generally by agreements (e.g., the NATO Status of Forces Agreement) which provide generally that the primary right to exercise jurisdiction rests with the U. S. Military Forces when only U. S. personnel or property are involved, or when the offense grows out of an act done in the performance of duty. In other cases, the local courts have the primary right to exercise jurisdiction. Provision is made for waivers of jurisdiction in cases of particular importance and, in practice, the host countries do waive, in varying degree, their primary right to exercise jurisdiction.

In a few countries the U. S. has had exclusive jurisdiction but some of these (specifically Japan and Greece) have requested and been granted status similar to the NATO countries. In other countries existing agreements are technically less favorable to the U. S. than the NATO SOF (largely British leased bases, where no particular operating difficulties have been encountered) and in still others (the Azores, Saudi Arabia) no special status is accorded the serviceman away from his immediate area of assignment.

The attitude of some members of Congress and the public is opposed to any exercise of foreign jurisdiction over U. S. servicemen. The issue lends itself to emotionalism, and proponents of the so-called "constitutional right" of a soldier to be tried by a U. S. court overlook or discount the basic soundness of and military necessity for most existing jurisdiction agreements. The DOD position firmly opposes any denunciation of existing status arrangements and any attempt -- legislative or policy -- to insist upon exclusive U. S. jurisdiction in countries which seek an agreement for concurrent jurisdiction.

#### Relationships with Local Law Enforcement Agencies

Civilian Agencies. A principal responsibility of U. S. diplomatic missions and consulates abroad is the protection of U. S. citizens. In carrying out these responsibilities the embassies and consulates have traditionally established close and continuing contacts with local police authorities. Embassy personnel are experienced in the handling of cases of violation of local laws by American citizens, and generally this has not been a substantial problem area for the three agencies. As one of its program responsibilities ICA has been assisting in the establishment of better law enforcement units in certain foreign countries.

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Defense Agencies. Close liaison with local law enforcement agencies characterizes the operations of military, legal and police personnel. Joint patrols (military and local civilian) of off-base areas frequented by military personnel, the creation of joint disciplinary control boards or councils, and aggressive military command action to educate servicemen to local codes of behavior minimize the friction which might be anticipated in areas of over-lapping interest.

The locally established procedures and relationships are considered effective and satisfactory.

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E. U. S. VEHICLES -- PRIVATE AUTOMOBILES AND GOVERNMENT VEHICLES

Civilian Agencies. To the degree that means of transportation are pertinent to this study, the problem is essentially that of the employee's private automobile and the government vehicles of the three agencies. The general policy of the three agencies permits officers and employees to ship a personal automobile to their post of assignment at government expense.

Reports from the field repeatedly identify the American private automobile as a significant source of irritation and friction. These complaints arise from (a) the size of American automobiles in relation to the narrow streets and inadequate parking facilities, and (b) their greater consumption of gasoline compared to smaller foreign cars, which gives rise to an impression of ostentatious waste. More prominent than either of these as a source of friction are the careless driving and the accidents in which such vehicles are involved, and failure to make prompt settlement for damages or deaths when caused by U. S. employees.

Individual Americans usually carry liability insurance for their own protection. It is required by some countries as a condition for issuance of an import permit. Some American insurers do not make prompt settlements of claims, however, thereby constituting an additional source of irritation.

With regard to official vehicles, where the agency settles a claim under the Tort Claims Act (rather than through insurance purchased to cover third party claims) the three agencies have a common policy. This policy permits settlement by principal officers when the claim is not in excess of \$1,000. Claims in excess of \$1,000, however, must be referred to Washington for settlement.

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Finally, in certain parts of the world the sale of American automobiles prior to the departure of the employee from the area has resulted in excessive profits. In this latter area, the three agencies are studying a possible policy statement defining a "fair price" for American vehicles and restricting the sales of such vehicles in foreign countries to such price.

Defense Agencies. In accordance with existing agreements, and unless prohibited by the overseas commander because of local conditions, military personnel eligible by grade (E-4 with four years service and above) to transport their dependents and household goods overseas are generally permitted to ship, duty-free, one privately owned vehicle at Government expense, and to purchase tax-free gasoline in most foreign communities where U. S. troops are stationed. There is no legislation for transporting the privately owned vehicles of civilian personnel. Shipment of such vehicles must be at the employees own expense. The agreements with host countries vary in detail, but generally result in conditions for U. S. personnel which are more advantageous than those enjoyed by local residents.

This is a source of irritation to the local populace which is further aggravated by the size, speed, power and number of American cars in communities built for and accustomed to only a relatively few, small-sized vehicles. In many countries special markings or license plates are used on U. S. vehicles -- official and privately owned -- to facilitate their recognition by U. S. military police or to differentiate them from vehicles licensed, taxed, and operated wholly under local laws. This practice further emphasizes their presence. Friction is caused also by the lack of adequate insurance coverage on the part of some U. S. drivers.

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Special transportation requirements, normally limited to recreation and morale purposes, are met through negotiation with local governmental and transportation agencies. At a number of Attache posts and some of the MAAG duty stations, official transportation is authorized for domicile-to-office trips due to inadequacy of local transportation. In certain underdeveloped countries where local civilian transportation is virtually non-existent and especially where there are severe restrictions and limitations on the importation of private automobiles, utilization of government vehicles for carrying dependent children to school, making commissary runs, and recreational trips is authorized.

All overseas commands have instituted extensive campaigns to improve the conduct of American drivers. These include: careful indoctrination in local driving conditions and laws, driver proficiency tests, remedial driving classes, safety inspections, special traffic courts, and the assessment of severe penalties to offenders. Although these efforts have resulted in improved driving practice by U. S. personnel, there is little prospect that the U. S. automobile will cease to be a source of friction in the foreseeable future.

#### Possible Solutions for the Problem

There are two major problems concerning the motor vehicles of Americans abroad, both public and private. The first pertains to the number of large and seemingly ostentatious American vehicles, and the second concerns the operation of those vehicles.

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**Among possible measures to alleviate the first problem are:**

- 1. Adjustment of allowance scales to reimburse employees for losses occasioned by the sale of a vehicle on departure for foreign assignment in lieu of shipment of the vehicle;**
- 2. Establishment of rental-motor pools;**
- 3. Restriction on the number of cars shipped from the U. S. at Government expense; and**
- 4. Encouraging the purchase of small, locally available automobiles.**

**It is recognized that legislation might be necessary to accomplish some of the above measures.**

**To alleviate the second problem, the agencies having overseas operations need to adopt uniform standards and practices covering, among other things, the following:**

- 1. Mandatory motor vehicles inspections to insure mechanical safety;**
- 2. Mandatory adequate liability insurance coverage or demonstration of financial responsibility for possible claims which might arise from the operation of such vehicles;**

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3. **Mandatory education programs at the posts on local traffic laws and practices, including driver qualification tests, conducted by the post, prior to permission to drive;**
4. **Restriction on operation of privately owned motor vehicles abroad by minors;**
5. **Curtailment of the use of special markings and license plates which emphasize U. S. private ownership of an automobile (where not in conflict with local laws or diplomatic agreements);**
6. **Painting U. S. official sedans, where practicable, in inconspicuous commercial color;**
7. **Revocation of permission to operate motor vehicles for employees involved in drunken driving or accidents causing death, bodily injury, or major property damage; and**
8. **Improvement of procedures to provide for prompt payment of death benefits and damage claims.**

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F. COMMUNITY RELATIONS1. Community Advisory Councils

Community

A relatively recent development has been the establishment of ^ advisory councils. These groups, cooperating with the civilian community, discuss local problems and plan joint activities. The membership usually includes local officials and prominent citizens, with the chairmanship alternating between U.S. and host country representatives on a regular schedule. These councils have been of inestimable value in assisting to create and maintain a favorable atmosphere for the forwarding of U.S. objectives.

This aspect of overseas life is considered to be of the utmost importance to the accomplishment of the assigned missions. Generally speaking, every opportunity to improve local community relations is exploited, with only those limitations imposed by host governments or tactical or logistical considerations permitted to intervene.

2. Relationships with Local Press and Radio

Civilian Agencies. USIS offices have the responsibility of serving all U. S. Government activities in foreign countries in the dissemination of news and information to local press and radio. In countries where there are major American bases or American armed forces, the Public Information Officers of the military establishment and the Public Affairs Officers of USIS working with the Ambassador and the "country team" maintain liaison and coordinate releases made to local press and radio.

USIS Information, Press, and Radio Officers maintain daily contact with representatives of the local press and radio. They serve as a central releasing agency and are looked to as the sources of American press releases, statements, radio stories, etc., in the country.

The effectiveness of these operations is in proportion to the degree of cooperation which exists between the various U. S. Government activities in each country. Rather than constituting a source of friction, the press and public relations activities serve effectively to explain the presence and functions of American personnel in the host country, thereby offsetting the effects of other reported instances of failure to adjust to life in the host country.

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Defense Agencies. All overseas commands and installations recognize that a favorable press is of vital importance to the accomplishment of their missions. Commanders personally, as well as their public information staff, devote whatever attention is necessary to gaining and maintaining as close a relationship with the local press, radio and television as conditions render desirable. In this regard, public information personnel promote friendly personal relations with the local mass media representatives, press tours of U. S. bases are intermittantly conducted upon request or when new equipment of interest is received or new facilities constructed, radio and television programs and guest appearances are exchanged, and joint use of each others' facilities fostered whenever practicable and security, permits.

As a universal practice, this process of continuous collaboration with local communications media is effective and is limited primarily by the number and quality of public information personnel who can be assigned.

### 3. Cultural Presentations

Defense Agencies. The Service Band is one of the most universally appreciated purveyors of good will. It is general practice for service bands to make regular, scheduled concert tours throughout host countries. In addition, requests to play at local festivals and community events are honored whenever possible, even if only a small representative musical group can be furnished. The performance of local folk songs and national airs is particularly well received.

Besides the organized bands and orchestras, many persons with musical talent have formed instrumental and voice groups for participation in local cultural activities. Those with theatrical, literary or other artistic talent have similarly formed groups which make presentations to the local community. Individuals have also joined local associations of this nature.

All these practices create favorable impressions by demonstrating American capacity and interest in the cultural arts as well as a desire to contribute to and learn from the cultural accomplishments of the community. The inter-play of U.S. and host country skills in these fields and the personal associations formed thereby aid materially in promoting strong ties.

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#### 4. Athletic Competition

Defense Agencies. Sports competition between American and indigenous teams is recognized as another important link in the activities of the U.S. community promoting better understanding and establishing closer ties with the host country, particularly the local community. Teams in a wide variety of sports at all command levels engage in international, national and local competition. At the local level, this activity is especially rewarding in fostering friendships.

Athletic endeavors in which there are mutual interest and reasonably comparable proficiency, such as tennis, wrestling, track and judo, are readily scheduled. Sports which are recognized as national games, such as soccer or cycling in most European countries, or baseball or basketball in the U. S. are more difficult to develop competition in, but well worth the effort in local acceptance. The interest and industry shown by U.S. athletes in developing proficiency in the popular local sports are as significant in many ways as the efforts made to learn the native language. Engaging local coaches to aid in these enterprises is a general practice and is enthusiastically received.

Similarly, tutelage of indigenous teams in sports in which the United States holds a wide margin of proficiency is promoted whenever possible. This is also well received. For example, in many countries "little leagues" have been organized with both indigenous and U.S. teams. Volunteers devote many hours to coaching the local youngsters and through these children make valuable associations with their parents. Sharing of athletic equipment and facilities further advances the feeling of mutual effort.

Besides the general and vigorously pursued practice of sports competition between troop units and bases and the local community, many ships while visiting ports throughout the world (many of which are remote from established U.S. overseas communities) engage in whatever athletic competition can be arranged, thereby contributing materially to U.S.-host country rapport.

#### 5. Participation in Local Civic and Charitable Organizations and Events

Civilian Agencies. Participation in local charity and civic activities is an established tradition in the Foreign Service in which personnel of USIA and ICA participate. In some areas of the world local

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customs and mores do not invite the participation of representatives of any other government in local activities. The reports from field posts where such activities are permitted by local custom uniformly endorse these activities as important to the "blending-in" of the American community into the life of the local community. Reports have indicated, however, that the most effective results have been obtained when such efforts have been directed toward participation in a few selected activities. This field offers an excellent opportunity for the wives of American officers and employees to play a significant role in representing the United States abroad, under the leadership of the wife of a senior embassy official.

Defense Agencies. It is the basic policy of all overseas commanders to assist local communities in carrying out special civic, charitable and improvement projects within the limitations of time, opportunity, and the feasibility of the particular project. Special emphasis is placed on types of assistance and cooperation which will be of timely help when trouble strikes.

A not uncommon situation is one in which a military base has heavy construction equipment not available in the community. Such equipment may be needed to level a field for soccer matches, for example. The field is to be used by both the base personnel and the local citizens. Commanders frequently lend their equipment for such projects. Another form of assistance provided the community consists of lending a needed utility to enable it to overcome some natural disaster such as, for example, a coal shortage or a fire in the local community.

Few days of the year are without some festive occasion within the countries represented by U.S. overseas commands. Each town and village has its own traditional observances. If there is a military base nearby, the village authorities almost invariably invite the Americans to take part, and it is basic policy to make a special effort to respond favorably to each invitation.

In the broad area of charity, American generosity is particularly impressive. Both individual and group acts of charity are continuous and are spontaneous as well as planned. They range, for example, from the donation of a wheel chair to a local cripple to the entire financial support of an orphanage or hospital. They represent one of the surest ways of favorably influencing foreign attitudes.

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The chief measure of the effectiveness of such activities is the reaction of the local press, community leaders, and those citizens and agencies directly affected by the gestures of friendliness and cooperation. Almost without exception such reactions are favorable and widespread.

6. Observance of Local Customs and Mores

Civilian Agencies. Upon arrival at the post the officers and employees of the three agencies are fully briefed on the importance of strict observance of local customs and mores. The agencies take prompt action in any instance of employees' failure to adhere to local customs and mores.

Field reports and agency records of tort claim payments support the conclusion that the American's automobile and driving habits constitute the greatest problem in the observance of local laws in the foreign countries. Measures to improve drivers' caution and to restrict the usage of private civilian automobiles -- while carried on at nearly every post -- vary widely in local effectiveness. However, each agency has taken prompt and appropriate disciplinary action where cases of repeated violations or flagrant disregard of safe driving rules by Americans or U.S.-employed locals have been reported.

In the total experience of the three agencies, therefore, failure to observe or adjust to local customs, laws, and mores is not a source of unusual irritation, except as to payment of resultant insurance claims and tort claims as explained above.

Defense Agencies. The many thousands of individual Americans who constitute the military family overseas come from as varied backgrounds as our country provides. Only a relatively few are fully prepared for their parts as guests in a foreign land. The effort to prepare U.S. personnel for adjustment to the many differences between their culture and the cultures of foreign lands is a prodigious undertaking.

Previous remarks concerning orientation, language training, jurisdiction and the U.S. automobile indicate what efforts are being made in these fields. The personal attention of the Commander and his supervisory staff is given to ensuring that all personnel are not only fully aware of the local customs and mores but also observe them scrupulously, whenever feasible.

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7. Payment of Death Benefits or Other Claims Involving Persons Killed or Injured by U. S. Personnel

Civilian Agencies. As indicated earlier in this paper, a major source of friction has been the failure of individuals or their insurers to make prompt settlements of disability or death claims resulting from the operation of private American automobiles. In past years a source of similar difficulty stemmed from the cumbersome procedures under which the United States Government had to obtain requisite approvals and funds for the prompt settlement of claims arising abroad against it. Special legislation extending Tort Claims Act coverage to claims arising abroad has materially improved this situation by making possible a delegation of authority to agencies' principal officers overseas to settle tort claims in the amount of \$1,000 or less without reference to their headquarters organization in Washington. Claims in excess of \$1,000 for damage caused by government-owned vehicles are still subject to lengthy settlement processes which include Congressional approval or appropriations for the purpose.

Local employees injured or killed in connection with their official duties are eligible for appropriate benefits under employee compensation statutes of the United States Government. The three agencies file such claims promptly and assist the employees or their survivors in the filing processes. In the Orient the "ex gratia" payment for accidental death or injury is a local custom but no appropriated funds for such payments exist per se. The three agencies do have funds which, if necessary, could be utilized for making such payments, where recommended by the principal officer abroad. In some areas, such payments are made from non-appropriated funds derived from commissary operations or other community enterprises.

In summary, the failure of U. S. Government processes to permit prompt settlement of claims has been a significant cause of irritation in the past. These procedures have been substantially simplified by legislative action, and the record of settlement of claims has been materially improved.

Defense Agencies. The Foreign Claims Act provides for the claims for property losses, damage, personal injury and death caused by the noncombat activities of the various services. It is world-wide in application except when it has been superseded, in part, by international agreements, such as NATO SOFA. The Act provides for the

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payment of claims generated by military personnel and civilian employees of the Service, whether or not the acts giving rise to the claim are within the scope of employment of the individual. As a matter of policy, the claims generated by foreign national employees of the various services are paid only when such acts are within the scope of employment.

Where agreements patterned on the NATO SOF Agreement apply, death benefits and other claim payments are made by the host country, where the claim arose out of the performance of official duty. An implementing statute authorizes U.S. authorities to reimburse foreign governments for the agreed share of the payment, usually on a 75-25 percent basis. In non-scope cases, claims are referred with the recommendations of the host state authorities to U.S. claims authorities for action under the Foreign Claims Act and a possible payment. Pursuant to the Department of Defense directives, the Armed Services are given different areas of responsibility in foreign countries. The Air Force has been assigned exclusive claims responsibility in Canada, Denmark, Greece, Iceland, Luxembourg, The Netherlands, Norway, Turkey, and the United Kingdom. The Army has similar responsibility in Belgium, France and Japan. Also the Army has supervision over claims in Germany and Austria. The Navy has responsibility in Italy and Portugal.

In countries where the agreements are not patterned on the NATO SOF Agreement, such as Afghanistan, Ethiopia, Indonesia, Iran, Korea, Libya, Morocco, Philippines, Saudi Arabia, Spain, Republic of China, Thailand and Viet-Nam, exclusive claims jurisdiction has not been assigned to any one Service. In some of these countries, executive-type agreements have been made which provide merely that claims will be settled in accordance with U.S. law, or similar language that makes U.S. claims statutes applicable rather than NATO-type settlement procedures. Accordingly, the Armed Services provide claims services in these countries, as in others where there is no specified agreement on claims, through foreign claims commissions as needed.

Claims procedures are generally effective. Recent inspection trips by Army, Navy and Air Force claims authorities in Europe and the Far East have given evidence that relations with host countries are generally satisfactory from a claims standpoint.

The purpose of the various claims statutes and regulations is to maintain friendly relations with foreign countries by the prompt

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settlement of meritorious claims. Additional statutory authority which would permit the partial payment of claims up to the administrative limit prior to referral of large claims for Congressional action would greatly facilitate relief to injured parties and improve relations with foreign countries. The legislation (H. R. 9022) is now pending in the 85th Congress.

#### 8. Representational and Hospitable Activities

Civilian Agencies. It is difficult to dissociate formal representational activities from the participation of the American community in local community activities which are discussed elsewhere in this paper. Effective formal representational and hospitality activities have been a traditional aspect of diplomacy which is well understood by the principal officers of the agencies. The understanding of American objectives abroad and the acceptance of Americans in the host country can be further improved by expansion of such activities. The agencies share a common concern for the lack of adequate funds to defray the cost of formal representational activities, since such lack of funds results in a considerable financial burden upon individual officers. There is, however, no indication from field reports that the limitation on funds for formal representational activities is in itself a significant source of irritation in the host country.

Defense Agencies. It is a basic policy of the U.S. Armed Forces to help the local citizens of communities adjacent to Armed Forces' installations to understand the place of these installations in their national and community life.

For example, at least once a year on Armed Forces Day the entire local community near each of the USAFE bases is invited to visit the installation. These occasions usually have much of the informal flavor of a country fair. Often entire families visit the air bases for an all-day, activity-packed program. In the morning, at a typical open house, visitors tour the base and look at the display of aircraft which has been set up on the flight line. Often a flying exhibition of model airplanes is arranged for the children and youth. On occasion a fire-fighting demonstration is given. In the afternoon there is usually an air show or at least a flyby of the unit's aircraft. Sports and athletic events and musical presentations are usually included in the day's activities.

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In addition to the open house and air show, which are used to explain the USAFE mission and its means of fulfilling that mission to the masses of the host population, special briefings and representational activities are provided for members of the local press and community leaders.

Comparable to the above-stated USAFE policy is the policy of other overseas commands, with variations in activities and methods in terms of the hospitality and representational feasibilities of each locale. In general, local officials and prominent citizens are formally entertained whenever appropriate and all invitations of this nature from the local community are speedily honored. In addition, all ranks are urged to participate on an individual basis. Many valued friendships, with attendant priceless understanding, have been cultivated in this way.

The effectiveness of such activities cannot be measured objectively. The Armed Forces, however, persist in the conviction that the host population should be taken into confidence whenever considerations of military security allow.

Without question continuing aggressive emphasis should be placed on all types of activities which will enable foreign peoples to understand more clearly the place and capacity of the Armed Forces in their community and national life.

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In view of the close association between American business concerns operating abroad and the American missions in the same countries, it is only natural that their administrative practices concerning the adjustments to overseas life and the improvement of foreign attitudes toward U.S. citizens would roughly parallel those of the U. S. Government agencies. As part of this study a comparative survey was made of the typical practices of representative American private industry and business concerns. The Annex to Volume I of this report comprises a detailed report of these practices.

In summary, it was found that private enterprise, being generally less bound by restricting regulations than are the government agencies, has greater variety in its administrative practices and in some fields pushes its activities further than does Government. Private enterprise American employees overseas are usually less numerous, by comparison with local employees, than in the case of Government. They are also more nearly limited to specialists. American industry operating abroad seeks to turn all possible jobs over to local personnel and to this end does more in the training of locals.

In general, the tour of duty is longer in private enterprise than in Government, especially in the executive and highly specialized categories, under the theory that such employees cannot reach maximum efficiency in less than two to three years of service in the foreign country. On the social welfare side, private enterprise local employees in many cases have greater privileges than do those employed by the U.S. Government. They are also given greater consideration in the furnishing of recreational facilities and of educational opportunities. More orientation is generally given to the American employee serving abroad than to his "official" colleague, both before he leaves the U.S. and after arrival in the foreign country.

American companies operating abroad attach great importance to recreation and housing facilities for their American and local employees. They tend to encourage maximum local participation, either through membership or ownership, in such facilities. They appreciate fully the value of local community relations and contribute time, money, and active participation in activities tending to identify American and local interests.

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The following administrative practices, proven of use by American concerns operating abroad, merit special consideration by the U.S. Government in its overseas programs:

1. Use of documentary films in orientation courses for American employees and their dependents. In many cases, such films could be borrowed from the American firms. The series of NATO countries is another source.
2. Instruction in English for promising local employees at employer's expense and on employer's time.
3. Training of local employees for supervisory work and for training of other local employees.
4. Longer tours of duty for executives and highly specialized personnel.
5. Group life insurance to local employees. This might go a long way in satisfying their longing for security.
6. Housing built at American expense for American or local employee occupancy but managed and/or owned by foreign country or local private enterprise.
7. Provision of recreational facilities for local employees.
8. Equal privileges for local employees in commissaries.
9. Local concessions for commissaries and other special stores.
10. Greater civic responsibility and participation.

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SECTION V.

CONCLUSIONS AND RECOMMENDED ACTIONS TO IMPROVE  
FOREIGN ATTITUDES TOWARD U.S. CITIZEN PERSONNEL  
OVERSEAS.

A. CONCLUSIONS

Adjustment to life overseas.

1. Americans who serve their Government abroad must recognize that neither the political power of the United States, its technological capabilities, nor its generosity will of themselves, separately or in combination, cause them to be liked as Americans in all parts of the world or even in "friendly" countries. The mantle of world leadership is not easily worn. Therefore, U.S. employees serving abroad must be assisted by every practicable means to make the personnel adjustments required by life overseas in these times.

Factors causing antipathy toward Americans overseas.

2. Foreign citizens' concern over the presence of Americans in their countries is stimulated by the substantially better standard of living to which the American is accustomed. The answer is obviously not to lower American standards of living in order simply to mitigate this concern. But a superior attitude is galling to foreign citizens, particularly when it is accompanied by ostentatious display of personal property or exaggerated consumption. They show natural antipathy toward the stationing of "foreign" troops in their countries and resent jurisdictional arrangements for the trial, in breaches of local law, of U.S. citizens without diplomatic status. Despite a basis in bilateral agreements for such jurisdictional arrangements, they are sometimes viewed as "extraterritoriality." Finally, in some countries, popular attitudes toward Americans reflect an over-riding fear of involvement in nuclear warfare.

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Factors affecting concept of mutual benefit between foreigners and Americans.

3. The acceptance by the man-in-the-street of the U.S. presence is conditioned by aspects directly beneficial to him - programs which have checked or eradicated disease, provided school lunches for his children, or provided employment for him or his neighbors. There is evidence of his concern lest these programs be reduced or terminated, since they patently affect his own immediate well-being. Outside these material considerations, his attitude toward the presence of all Americans depends primarily on the extent to which individual Americans demonstrate common courtesy and good manners, participate in community affairs, and exhibit a sense of responsibility in the discreet use of their personal property, particularly their automobiles. Problems implied here are especially complicated for military personnel. Their presence is often hard to demonstrate as mutually advantageous, for generally it is only in certain strata of society and government circles that the U.S. military role is recognized as essential to the concept of collective security.

Selection, orientation and assignment need greater attention.

4. Greater attention needs to be given to the selection of Americans to be sent abroad. Particular emphasis should be placed on the processes of selection to determine adaptabilities and basic motivations on the part of the individual for service overseas. These processes require consideration of factors in the environment of the proposed country of assignment, as well as of the attributes of the employee himself, which might affect his usefulness. Likewise, additional attention should be given to the orientation and indoctrination of selectees and of their families before assignment. The importance of having an understanding of the language, cultural background, customs and mores of the country to which the employee is being assigned cannot be over-emphasized.

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Techniques utilized by military commanders to minimize friction.

5. Practical considerations and the sheer numbers of people involved limit the armed services' conducting effective screening of all their personnel for adaptability to life abroad before their assignment. Despite such limitations, the predominant weight of the evidence is that the military commanders, as members of the country teams, are alert to sources of difficulty and in most situations have developed effective techniques for explaining the presence of U.S. troops and minimizing the likelihood of incidents which can result in friction. The limitations on screening of their personnel have been compensated by (a) orientation programs; (b) enforcement of firm discipline; (c) participation in humanitarian activities to relieve citizens of the host country of personal suffering and hardships; and (d) effective programs of public relations.

Criminal jurisdiction -- a major adverse factor.

6. The data on criminal jurisdiction reviewed in connection with this study, as well as that available to the late Mr. Frank C. Nash (as reflected in his Report), warrant the conclusion that the matter of jurisdiction over personnel of the Armed Forces is a major factor affecting the attitude of the peoples of the host country toward the U.S. presence. The problems arising over those arrangements or the lack of public understanding of them in the host country and in the United States have been magnified by widespread adverse publicity in recent prominent cases. In view, however, of the recent National Security Council action on the Nash Report recommendations pertaining to criminal jurisdiction, no recommendations are submitted in this report.

Administrative practices need continuous attention.

7. All of the agencies' administrative practices bearing on foreign attitudes need across-the-board and continuing emphasis at all levels, both in agency headquarters and in American missions and commands abroad. Incidents resulting from failure to observe established effective practices are costly to American prestige and take on exaggerated proportions in the foreign mind. This is not to say that the record to date is not good nor that it is not being constantly improved.

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Americans overseas are guests and must act accordingly.

8. In the final analysis the avoidance of friction with the people of the host countries demands constant attention, effective leadership, and an intelligent approach built on the broadest possible understanding of the history, culture, and mores of the country. The over-riding need is to instill in all Americans serving their government abroad an understanding of the fact that they are essentially guests of the host country and, as guests, are obligated to display normal good manners, to follow a reasonable standard of moral conduct, and to avoid acting superior to their hosts.

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B. RECOMMENDATIONS

The following recommendations apply to those areas of our administrative practices in which improvements are needed. Accordingly, it is recommended:

Selection Processes

1. That all agencies strengthen their processes of selecting personnel for overseas service.

This recommendation would have particular application to exercising within the limits of practicality the same care in the selection and assignment of their supporting staffs as is used in making the senior U.S. civilian and military appointments. The recommendation is particularly important in the choice of military officers who will be commanding installations employing sizeable numbers of local nationals or otherwise having a significant impact on the local economy.

2. That the Department of Defense continue to place special emphasis on screening from overseas service enlisted personnel who would be undesirable representatives of the United States.

3. That all agencies adopt appropriate testing techniques to identify and appraise the potential adaptability of candidates for overseas employment and, if practicable, their spouses to life overseas.

The agencies have made only limited use of the testing techniques jointly developed in 1952 for determining such adaptability. While not infallible, these tests have shown a substantial degree of validity. All agencies should take advantage of these existing testing methods, or develop or adapt other testing techniques particularly fitting their needs.

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4. That the testing techniques adopted be appraised after a reasonable trial period.

The importance of this recommendation rests in the opportunity thereby afforded to determine whether formal testing techniques will in fact provide a better identification of (a) the attitude of candidates toward citizens of other countries; (b) their actual motivation for service abroad; and (c) their potential adaptability to life overseas.

5. That career civilian personnel who leave positions in the continental United States to accept overseas assignments should have effective re-employment rights so as to avoid their being penalized by virtue of having accepted positions abroad.

The Department of Defense reports that greater job security for career civilian employees who are encouraged to leave positions in the continental United States and accept positions abroad would facilitate recruiting well-qualified personnel for overseas assignment. At present, instances arise wherein employees who leave positions in the continental United States to accept overseas assignments may not be assured of re-employment in the position they left or one of like seniority, status and pay.

Orientation and Indoctrination

6. That all agencies immediately reappraise and strengthen their orientation and indoctrination policies and programs both at home and abroad as follows:
- a. Agency heads should insure that their orientation and indoctrination policies and programs provide all newly assigned personnel and their adult dependents (including contractors' employees) adequate indoctrination on their role as representative Americans.

- b. Agency programs should provide uniform suggested standards of conduct, as well as cultural and political background and other pertinent information.
  - c. Training should be of sufficient duration and intensity to convey the importance of these matters and a basic understanding of the problems.
  - d. Jointly prepared inter-agency post reports and other briefing materials should be kept current and meaningful.
7. That all agencies provide continuing or refresher orientation for their personnel abroad.

Overseas personnel need to be reminded periodically that they represent the United States abroad and are expected to maintain a high standard of personal conduct and of respect for local peoples and the laws and customs of the host country. Such personnel need to be kept abreast of potential difficulties in their personal relationships with nationals of the host country.

8. That all reasonable effort be made to provide orientation for adult dependents of new employees prior to their departure for duty overseas and that each agency, pursuant to this objective, review the adequacy of such orientation programs as now exist.

This recommendation emphasizes the importance of orientation which may be given in the United States and be followed by further training at the post of duty abroad. In assessing the adequacy of their present programs, the civilian agencies should consider whether additional funds or legislative authority may be necessary to permit desirable strengthening of these programs. The Department of Defense procedures provide for orientation of dependents at the ports of embarkation. No additional costs are involved. Consideration should be given by all agencies to the joint use of Department of Defense facilities at the ports of embarkation for the orientation of the dependents of civilian agency personnel.

9. That all agencies utilize fully the opportunities to brief high government officials and their escort officers prior to their departure for foreign countries.
10. That all agencies expand the use of joint orientation programs and facilities wherever practicable.

#### Language Training

11. That the agencies concerned with language training strengthen their facilities for such training, particularly "at post," and take the necessary steps to permit such training to be made available to all their U.S. employees and their adult dependents.
12. That, where practicable, the local language be included in the curricula of "American schools" operated by U.S. Government agencies, particularly where the local language is French, German or Spanish.

The recommendations (11 and 12) concerning language training have a dual purpose: (a) to develop linguistic fluency for selected personnel specializing in a particular area or country with a view particularly to needs in the Communist orbit, Asia and Africa; and (b) to demonstrate the interest of the individual American in the people and culture of the host country. Where the so-called "exotic" languages are spoken, fluency is not expected and indeed is not necessary for the great majority of officials and their dependents. The psychological benefits that derive, however, from the very fact of study by officials and their dependents are of profound significance. Many of these peoples have recently emerged from colonial status. They regard study of their language by American officials as a recognition of their importance as independent peoples.

#### Local Economy - Employment of Local Personnel

13. That the provision of authority for the Department of Defense (and other agencies to the extent determined

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to be appropriate) to administer local personnel in accordance with local customs and practices be agreed upon in principle.

Significant numbers of non-U.S. citizen personnel are used by U.S. agencies in their overseas operations. However, when these personnel are hired as regular employees of the Government they are subject to some U.S. laws which were designed for application to U.S. citizen personnel. In some situations, principally pertaining to the needs of the Department of Defense, these are inappropriate for application to aliens employed overseas. To avoid application of U.S. laws such as the Civil Service Retirement Act, the oath of office, the non-strike affidavit, and others to native or indigenous personnel it sometimes becomes necessary to enter into indirect hire arrangements which may not be completely satisfactory. Under the circumstances it would be advantageous and desirable for the Department of Defense and other agencies, when needed, to have the necessary authorities to administer alien personnel in accordance with local laws, customs, and practices.

No conclusions have been reached in this matter with regard to agencies other than the Department of Defense. Further, it is recognized that there may be serious foreign policy or other questions raised by extending the proposed authorization to other agencies. Among the potential problems is the possibility of continuing pressures by other governments for all U.S. agencies to participate in their employment and compensation systems where it may not be in the interest of the U.S. government to do so.

Thus, this recommendation is a statement of principle and the above-cited considerations would be weighed in the normal legislative review process within the Executive Branch.

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Local Economy -- Shopping Privileges

14. That agencies having responsibility for PX and commissary facilities review their governing policies and exercise their existing authority in order to ensure that (a) items stocked be limited to those which are peculiar to U.S. buying habits and are either wholly unavailable in local markets or are excessively expensive or in critically short supply and that (b) wherever possible, the sales facilities be located in inconspicuous places.

This recommendation from the report by Mr. Nash coincides with the findings in this report. Relatively minor but numerous problems arise in connection with PX and commissary privileges from the fact that in an effort to approach as nearly as possible the American standard of living for U.S. employees overseas, it is necessary to make available certain commodities which are generally not available in the local market. While the provision of PX and commissary privileges does sometimes involve "conspicuous consumption" and a degree of competition with the local market, the retention of these privileges for U.S. employees overseas is considered essential.

Housing

15. That in any future programs of overseas housing construction or acquisition, the desirability of integrating U.S. personnel into the local community be weighed carefully against the economic and security factors favoring concentrated U.S. housing communities.

There has been considerable criticism of so-called "Little Americas" in various host countries. But minimizing growth of such communities is a complex question oftentimes dictated by local political as well as economic conditions.

Some of the factors to be considered in determining the need for these communities are:

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- a. The complications of multiple housing facilities;
  - b. Land acquisition problems;
  - c. Cost of dispersal effort;
  - d. Availability of local utilities and resources;
  - e. Health, sanitation, and security considerations;
  - f. Local transportation requirements for U.S. personnel; and
  - g. Lessening the competition for scarce housing.
16. That the agencies responsible for overseas housing place increased emphasis on locating housing for U.S. personnel having representational and/or reporting responsibilities outside exclusively-U.S. housing units.

#### Motor Vehicles

17. That the Operations Coordinating Board establish an inter-agency ad hoc committee comprised of informed officers from State, Defense, USIA, and ICA and chaired by the Defense representative, to develop and present to the OCB guides for adoption by all agencies to alleviate the problems created by automobiles, both official and those privately owned by U.S. employees overseas. (Detailed information and suggested courses of action and inquiry on this subject are recorded at Page 56 of Volume I of the report.)

#### Disposal of Personal Property

18. That the Operations Coordinating Board establish an inter-agency ad hoc committee comprised of informed officers of State, Defense, USIA and ICA, and chaired by the State representative, to develop and present to the OCB guides for use in developing uniform regulations for a particular foreign country relative to the disposal by U.S. employees of their personal property.

This recommendation applies to a most difficult and complex area of personal activity which has not been systematically reviewed by all agencies concerned. In developing guides the ad hoc committee should consider, among other things, means to ensure

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that sales or disposal of personal property be made (a) in accordance with the laws and regulations of the host country, (b) in a manner which will not bring discredit on the United States or reflect unfavorably on the individual concerned or the organization to which he is attached, and (c) under regulations which, to the extent permitted by local law, will apply uniformly to all U.S. personnel in each country. The guides will be sent to the Chief of each U.S. diplomatic mission for his use in developing jointly with representatives of other agencies having personnel in the country the uniform regulations appropriate for that country.

### Other Administrative Techniques

#### Community Activities Committees

19. That the principal agencies having overseas responsibilities consider establishing formal community relations committees at each overseas post.

Reports indicate that such committees or councils have made substantial contributions to the establishment or maintenance of good local community relations. The most successful of these committees have included representatives of all civilian agencies, military commands, and private American enterprise having activities in the area, as well as appropriate participation by host country representatives.

#### Greater Use of Dependents

20. That all agencies make greater use of employable dependents already at post, wherever practicable.

This recommendation is intended to utilize fully the skills of U.S. citizens already abroad and thereby to minimize the number of others who would have to be sent. The adoption of such a policy, which should probably be tested in selected countries, involves at least the following considerations:

(a) an employee and dependent "team" in a small

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office would not normally be desirable and even in a large installation, care must be taken in the assignment of a dependent; and (b) in future instances it would be desirable to complete any necessary investigative or security procedures regarding employable dependents prior to their going overseas.

#### Positive Approach

21. That the principal agencies having overseas responsibilities strengthen their existing administrative practices designed to improve foreign attitudes toward the U.S. presence through: (a) increasing the emphasis on activities which will convey to the citizens of the host country a sense of mutual benefit from the U.S. presence; and (b) promoting field coordinated implementation of these activities of the U.S. agencies under the direction of the Chief of Mission.

The agencies' present administrative practices might properly be characterized as largely "defensive" in nature in that they are aimed primarily at the U.S. personnel themselves. While this is essential, it is equally important that, in the conduct of those administrative practices, no opportunity be lost to foster in the host country the concept of mutuality of interest. The strengthening of the administrative practices should embrace the full range of actions discussed or recommended in this report and should be accomplished through a blending of the broad program perspective of headquarters personnel with the detailed knowledge of those "on the scene."

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ANNEX TO VOLUME I

General Practices and Policies

Of Private American Enterprise

Operating Abroad

(Prepared by the  
Office of Private Cooperation  
United States Information Agency)

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UNCLASSIFIEDANNEX TO VOLUME IGeneral Practices and Policies of Private American  
Enterprise Operating Abroad**Foreword:**

United States business and industry have a tremendous stake in foreign attitudes toward the United States. The opinions the publics of other countries hold on the U. S. economic system, local American investments and commercial and political relations between America and themselves determine the success or failure of private American enterprise in the market places of the world.

According to a recent survey by Fortune, private American investment overseas at present amounts to a market value of \$36.5 billion. This huge capital sum represents the confidence of more than 2,500 U. S. companies engaged in operating over 7,000 foreign business ventures in production, services and merchandizing. More than four million Americans are directly dependent on the exchanges of goods and materials related to this foreign investment of private American wealth.

In order to protect these investments and keep foreign markets open to American trade, American business fully realizes it is just not enough to produce and sell its goods abroad. It must also produce good will and persuade foreign publics and their governments that their individual and their national economies benefit through the industrial and commercial cooperation of American business. Thus American companies operating abroad seek in all possible ways to identify themselves with the interests and welfare of local publics and to demonstrate that they are responsible partners in the economic, social, and cultural progress of the host countries. The many exemplary policies and practices American business and industry have applied to their foreign operations have been major contributing factors to the growth of American prestige in the world and national prosperity at home.

Basic to good business abroad is the personal conduct of America's business representatives. They represent their country as well as their company and their behavior with foreign

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business men and other opinion moulders in the countries to which they are assigned is an important influence both in political and commercial relations. Accordingly, American business selects its foreign representatives with care.

It would seem that a very large corps of American personnel must be engaged in conducting the multifarious activities related to so large an investment. This is not the case. The investment responsibility imposed on these representatives is grossly disproportionate to their number.

Census records indicate there are around 186,000 American-citizen heads of families resident overseas. This number does not include members of the Armed Forces and their citizen civilian employees but does include U. S. citizens employed by Department of Defense contractors engaged in constructing bases and military installations. It also includes transient business men, retired Americans living abroad, missionaries and an appreciable number of tourists. Owing to the indefiniteness of the records it is reasonable to assume that not more than 100,000 Americans are actually resident representatives of American business in countries throughout the world. At this figure, 15 Americans are the average for each of the 7,000 American business operations overseas. In the Latin American countries alone, where nearly one-quarter of the total of U. S. private overseas investment is concentrated, there are not more than 30,000 resident American representatives of U. S. firms of all kinds. Thus American employment for foreign service is highly selective and is largely limited to top-level personnel--executives, engineers, production and marketing specialists.

Except for the management personnel who direct foreign operations, the American industrial employees who are sent overseas are assigned first to put the operation in motion and thereafter to train native personnel in the administrative, technical and production procedures. When local employees have demonstrated their ability to carry on the operations in keeping with American standards the American employees, in most instances are returned home. Such assignments of Americans vary greatly as to length of time. The degree of industrial progress and the educational level of the individual countries are the determinants.

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In highly developed countries, such as those in Europe, American investment is directed principally to autonomous subsidiaries or affiliates of the American company. There is little need in these countries for American personnel except for the development of new processes, research or special services.

In newly industrializing countries, such as the larger of the Latin American countries, American business has demonstrated that teams of competent administrators and skilled operators can, in a relatively short period, train local working forces to a degree of proficiency that practically eliminates the need for American personnel. A recent survey in Mexico vividly points up this fact. The 46 American companies surveyed employ 53,000 workers. Only 800, or 1.5 percent of this total, are Americans. Some of these companies employ no American citizens in any capacity. A larger mining company employing more than 13,000 have fewer than 200 U. S. citizens on its local payroll and of the 1900 employees in the Sears Roebuck operation in Mexico only 19 are U. S. citizens -- a ratio of 100 to 1.

In under-developed countries where new American industrial operations must necessarily start from scratch, much larger forces of American personnel are required for construction, operation and training and for a longer time.

Over-all, it is the policy of American business to utilize the services of as few American personnel as possible in overseas operations, wherever they may be undertaken. This policy should have a significant bearing on any effort to evaluate the personnel practices of American business and industry overseas.

While it is recognized that the American employee is an important reflection of his company in the foreign community, his impact on public opinion is relatively inconsequential to the impact made by the company itself. If the company's policies toward government, the public and the native labor force are good, the American employee is welcomed by society as an instrument of good. If the policies are bad he is shunned as a device of evil. Thus the attitude of native labor is a significantly important factor in the shaping of public opinion on the company, a fact that American business knows full well. It will be seen in the following case histories that American companies operating abroad devote a large part of their time, money and energy in building the best possible relations between management and native personnel.



UNCLASSIFIEDA- Personnel FactorsA-1 Selection of U. S. Citizens as Representatives in Foreign Country

The selection of personnel to represent American companies overseas follows no fixed or rigid pattern. The same common sense that controls the choice of domestic personnel is applied to the sales, technical and managerial personnel selected for overseas assignment. In the case of new employees the same tests for aptitude, specialized knowledge, initiative and character are employed. However, in respect to foreign assignees special interest is shown in physical condition, domestic relations and social adaptability. The position most personnel managers take is that if a person can meet the company's high qualifications for domestic employment, he is good enough to work for it overseas. In making foreign assignments, consideration is given, of course, to the language-learning ability of the individual and to the political, ethnic and racial factors that may condition his social acceptance in the country in which he will work.

The American employee assigned to work overseas is in almost every instance a specialist, whether he is in the management, marketing, production or construction field, or in the collateral areas of medicine, public health or education. His company expects him to be able to supervise others in his specialty and to train them to the degree of responsibility he himself has attained. If these qualities of leadership have not been demonstrated already, it is customary for the company to ascertain them through qualifying tests.

A-2 Orientation and Indoctrination -- Stateside and in the Field

Stateside, most American companies give major emphasis in their indoctrination programs for employees going overseas to intensive instruction in the marketing or technical characteristics of the country of assignment so as to fit the employee to the specific job he is expected to perform. The foreign assignee also receives comprehensive briefings on the company's operational history, the commercial geography, the standard of living and climate and housing conditions in the foreign country. These are given by other employees and executives who have served in the country and are experienced in its economy and its social complexes. Generally the

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assignee is shown documentary movies depicting the country, and he is urged to study up on the country at his local library and chamber of commerce. He and his family are encouraged to take a course in the language of the country. In many instances such language training is provided at company expense.

In industrial employment for foreign service, indoctrination, for the most part, is directed to the job. Rarely are the social and cultural features of the country covered by industrial employers. However, this does not hold for companies engaged in meeting and serving the public, such as communications, transportation, travel and finance companies which have an important stake in good public relations. These companies make a concentrated effort to educate their foreign assignees in the social and cultural environments of the countries in which they will work. As an example, Trans-World Airways System has invested a large part of company training funds in a series of documentary movies depicting the people and the countries of their worldwide service. These demonstrate how employees-- stewardesses, hostesses, pilots, transportation managers, traffic men, etc. -- should conduct themselves with the various publics.

The California Texas Oil Company also uses films to familiarize its employees, domestic and foreign, with the commercial, cultural and topographical and geographical features of the 67 countries in which it operates. These films not only stimulate a community of interest among employees but, through public screenings, have a very important value in creating international understanding among peoples of many nations. So authentic are the reflections of the countries they picture, four of the first five films that Caltex produced have been adopted as official government films by the countries in which they were made.

American personnel serving abroad as well as foreign national employees in nearly all countries are kept informed on company policies, new scientific and technical developments, details of training programs and news of other overseas operations by industrial external house-organs. Almost every American company having foreign investments publishes a company magazine. Great importance is attached to it as an employee orientation and training device and as a personalized means of giving overseas employees a running account on new products, management, sales and service, distribution,

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management--labor relations, public relations, advertising and community relations activities at home office and overseas.

Many companies publish or sponsor the publication of behavior guides or personnel manuals designed to give the American employee going abroad a basic message on good conduct in his cultural and social relations overseas. One such booklet, "What Should I Know When I Travel Abroad," has had a distribution of more than a million copies by its various company sponsors. Among the companies participating in this orientation program were the National City Bank of New York, the Radio Corporation of America, Westinghouse International Electric and Republic Steel. Many companies produce their own booklets. These are editorially slanted to company interests and mark the importance of contributing to the company's international reputation.

#### A-3 Language Training

Training in the language of the country of assignment is an essential part of the special studies in universities and technical institutes that many of the large American companies provide for young executives they intend to send abroad. However, such language study, far from the scene of its eventual application, is generally regarded as only a beginning. Major companies, almost without exception, provide for field courses for employees after their arrival on the foreign posts. Such instruction is offered in company in-plant courses, privately-tutored classes, enrollment in local colleges, adult education groups or, where available, binational cultural centers, to whose support the American business community contributes.

Local employees, particularly those in supervisory, clerical, managerial and executive positions, who work continuously in contact with American executive personnel, are urged to take courses in English at company expense. Many companies conduct such courses on their own initiative, others rely on company-financed enrollment in private classes or English courses conducted by binational centers or American friendship groups.

#### A-4 Supervision and Inspection

Supervision and inspection of the work of local employees in operations abroad vary in degree according to the nature of the business, method of company operation and the educational

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level of the individual country. American subsidiaries in industrially sophisticated countries -- most of the countries of Europe, a few of the Latin American countries (Mexico, Brazil, Venezuela and Argentina), some British commonwealths and, in the Far East, Japan and the Philippines are invested with a high degree of autonomy. Thus supervision and inspection conform to established operating procedures of the business, local labor relations and national customs. Except for training in newly developed techniques of the parent company, such subsidiaries require no direction by American management below the top executive level.

American employees assigned to overseas plants or offices almost invariably are subject to the same supervision and inspection in their work as local employees engaged in similar work. Moral and social behavior of American employees overseas, while not supervised, is of vital concern to American companies. They guard their reputation as good citizens as zealously as they guard the quality of their products. They are quick to correct any employee actions that are offensive to local social codes or that reflect discredit on the company.

Universally, American business operating abroad seek to develop qualities of leadership and job expertness in local employees in order that they may take over the training of other locals and supervision and inspection of their regular work. American companies engaged in mining, oil exploration and extraction, and agriculture must of necessity use American technical and production specialists in the initial phases of their operations in countries of low economic and educational development. As a typical example, Firestone Tire and Rubber Company in Liberia uses American agricultural specialists to supervise planting and harvesting of rubber trees in the 90,000 acres the company cultivates; machinists and automotive engineers in the operation, maintenance and supervision of equipment. American medical and nursing specialists in company hospitals, transportation and shipping experts, in fact in all operations involving important investments which would be jeopardized by inexperienced handling.

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American oil and mining companies require large staffs of American specialists in exploration, chemical research, communications and transportation facilities in most of their foreign operations, particularly those in South East Asia and the Middle East where skilled labor is not available. The Henry J. Kaiser Company, for instance has more than 8,000 engineers and experts in its field forces out on jobs in every section of the globe. These Americans operate under the supervision and inspection of American managerial personnel. Similarly the mining companies, such as Kennecott, Anaconda, and Cerro de Pasco, employ American experts for the technical and scientific requirements of the mining and smelting operations and divisional supervisors to direct native labor. It is standard practice of American companies to use American employees only so long as is necessary to train local nationals to replace them. However, in connection with professional and scientific fields many years of tutelage are often required to bring native abilities to a trustworthy level. Once locals are fully trained in their work, they are given free rein over the supervision and inspection of native employees under their jurisdiction.

#### A-5 Tour of Duty and Rotation Policies

American business observes no fixed standards of practice as to the length of time American employees remain on their jobs overseas. Policies vary from company to company and from job to job within companies. Primary considerations governing tours of duty are individual job performance; climatic, social and living conditions; physical fitness, domestic situations, and, as often is the case, the employee's own wishes. It is customary for most major companies to rotate top executives between American and foreign plants to get a fresh point of view in behalf of the business and the individual.

Except for special interests or specific purposes such as attach to technical and scientific personnel, American companies do not follow the system of rotation from post to post practiced by the Foreign Service of the U. S. Government. Business inclines to the opinion that executives and specialist personnel assigned to long term

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duty abroad do not reach full effectiveness in a foreign country until they have lived there two or three years. Consequently, moving an employee from one country to another and subjecting him to a new language and new patterns of economic conditions and industrial methods is generally considered a disservice to company efficiency and a hardship on the individual and his family.

The policy of permitting American employees to return to the U. S. on home leave or visits at company expense is honored by nearly all American companies. The length of the visit depends on the importance of the job, the need for instruction in new products or production techniques, new merchandising methods, and potential application of field experience to home-office planning. In addition many companies adjust on-job time requirements at foreign offices or plants to the rigors of climate or substandard living conditions. In high altitude cities such as Mexico City, Caracas, Quito, Bogota, etc., for example, some American companies send their employees to lower-level or sea-level resorts for a month or two each summer. In some American mining and oil exploration camps located in jungles and other uninhabited areas. American operators avoid "stir craze" by giving American employees paid vacations and trips to the nearest cities. Trans-Arabian Pipeline (Tapline) and the Arabian American Oil Company give free air transportation to Mediterranean resorts for American executive and technical employees in their Near East installations as a respite from the enervating summer heat.

A-6 Use of Local Personnel -- Employment Policies, Types of Work, Differential in Pay Status Amenities or Facilities

There are no basic norms influencing American business attitudes toward employment of local personnel in overseas operations. The criteria of selection of domestic employees -- education, aptitude, initiative, health and attitude -- generally apply overseas as they do at home. The various strata of the working force-- executive, technical, sales, white collar and laboring classes -- must be individually considered in respect to income level, national customs, local labor laws and practices governing employment, and on the ability,

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country by country, of local labor forces on all levels to respond productively to advanced methods of scientific and technical procedures. Obviously employment practices by Firestone in Liberia applying to an unlettered and primitive labor force, differ vastly from those of Sears-Roebuck in Mexico with its median skilled labor and General Motors in Germany with its highly technical labor resources.

Wage factors are variable in relation to the foregoing considerations. The general practice is to follow the going rate of the various labor levels of the particular country, in most cases offering a slightly higher wage than normal.

Native employees in executive and managerial positions generally reach the salary brackets of their local American counterparts. Remuneration of professional and technical personnel is a relative constant between natives and Americans in keeping with length of service and job responsibilities. Wages for skilled workers are generally equal to the local market or slightly above and for unskilled workers (almost entirely native in American foreign operations) are consistent with the market.

In keeping with the desire of all American companies to integrate themselves quickly into the local economies so as to avoid identification as an alien, hence potentially exploitive, enterprise, American personnel are replaced by the local personnel they have trained as soon as they attain job competence. In all areas of the world native workers, and in the majority of cases, native management and research personnel, have demonstrated an ability to absorb training and acquire the necessary know-how as well as Americans have done at home.

The American industrial employment experience in Latin America is fairly typical of the experience of American business around the world. In the Argentine, for instance, several companies established by Americans are now run entirely by locals. Other firms employ Argentines in all executive levels and there are many instances in which not a single American is employed in American-established plants or businesses.

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Among the companies employing only a few Americans are the Ford Motor Company, Coca Cola, Pal, All America Cables and Radio, Parker Pen, Grant Advertising, Sandoz, American Express, Kodak, Eveready, Braniff Airways, General Motors, and Singer. These companies apply this employment policy in their other operations throughout the world.

Another progressive policy of American firms, pertinent to this subject, is that of employing women in clerical work and training women as skilled workers, often in contradiction to local custom which confines women to the home. Again in the case of Argentina the growing force of skilled women, by virtue of their ability to perform certain types of work better than men, are making an important contribution to the country's progress in business and industry while increasing their companies' productivity. Through such local employment, American industry has added directly approximately 75,000 jobs to the Argentina economy. Indirectly, through the stimulation by American investment of subsidiary business and industry, thousands of other jobs have been created.

In addition to their adherence to standard American management-labor practices of fixed hours, safe and healthy working conditions, American companies in the great majority of their overseas operations offer their employees such additional and often uncommon benefits as group life insurance, incentive bonuses, product discounts, and educational, medical, social and recreational facilities which augment their wages and raise them above the local employment scales.

A recent survey of U. S. companies in Mexico discloses that these benefits in some instances exceed those granted to workers in the U. S. Some specific examples:

Three of 46 respondent companies reported they provide housing or grant housing loans to employees; 19 offer low-cost meals and 31 operate sports and social programs.

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A chewing gum company grants 8 1/2 days' holiday above the legal minimum. Its retirement plan for men after 20 years of service and women after 15 years provides for 20 days' pay for each year of service. An auto manufacturer gives its employees a 12-day bonus each Christmas.

An airline pays 60% of its employees' life insurance, a cotton processor 66 2/3%, a retailer puts 5% of profits into an employees' fund. Some contribute to employees' saving funds and several pay their employees' share of social security in addition to their own. Employee medical benefits of one kind or another are the general rule of the U. S. companies. An office-equipment manufacturer operates three in-plant infirmaries with two doctors and three nurses; an auto company employs two doctors and two nurses full time, pays for medical subscriptions and medical bills of 80% of its personnel and raises to 100% the social security allowance for the first 90 days of illness. Several companies pay full wages during employees' incapacitation.

Health and hospital services and facilities are also supported in many countries by American companies.

Esso (Standard Oil Company, New Jersey) provides health and welfare programs in its various foreign installations. As an example, for its operations in the north of Argentina, Esso staffs a medical organization of five full time physicians, 18 graduate nurses, 2 technicians and 27 medical assistants to carry on the work of five dispensaries and out-patient service. Collateral to the health program, Esso provides housing, potable water, sewage systems, garbage disposal and control of food-handlers to insure protection to their employees, their families and local residents of communities contiguous to its installations in undeveloped districts.

The medical and health program Stanvac conducts for its employees is an extensive one. In providing complete medical facilities for all refining and producing employees and their families in Indonesia alone -- some 60,000 persons -- the company operates 12 clinics, three hospitals

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with a capacity of 250 beds and medical staff numbering 250, consisting of 15 doctors, 30 graduate nurses and a complement of pharmacists, laboratory and x-ray technicians, dressers, midwives and other assistants.

Employing the same principle, that efficient operations are commensurate to the health of the labor force, the Cerro de Pasco Corporation, an American mining enterprise in Peru, operates a chain of nine hospitals with 300 beds and employs 19 doctors to look after the health of its 18,000 workers and their families.

United Fruit similarly is concerned with the physical and mental health of its employees and their families. It operates thirteen major hospitals, over 100 dispensaries, outpatient nursing service and preventive medicine research laboratories as essential elements of company-employee relations, serving not only the 64,000 employees in the company's operating area but something like four times this number in employee-family members and local residents not connected with the company.

#### A-7 Foreign Employee Training Programs

The overseas training programs undertaken by American companies in their foreign plants are directed principally to the inculcation of advanced mechanical and technical skills and American techniques of management and supervision. Training programs are geared to local economic and social conditions and are contingent on indigenous labor resources. Where well developed working forces are readily available, training is largely intramural and consists of instruction on company management procedures, research activities, production and distribution system, and marketing techniques.

Native executive material is frequently cultivated in all areas through scholarship grants to local and U. S. universities and technical institutes, on-the-job study courses on the scene or in the U. S. parent company and other foreign subsidiaries, local plant tours for students and apprentice training on company time. This

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instruction follows the training practices of industrial companies in the U. S. and for the same purpose-- to develop industrious, competent and loyal employees.

In newly developing countries and in still-primitive countries just emerging from colonial status, American industry perforce has instituted training and educational programs in great depth. Often such instruction reaches outside the plant well into the heart of the community, concerning itself with collateral industrial production and commercial and financial operations, and such non-industrial subjects as agriculture, road building, sanitation, hygiene, child care and domestic science, all for the benefit of company workers and their families.

In the aggregate virtually every type of American industry and agriculture -- from production to marketing-- is covered in the foreign training programs of U. S. business. A few examples from the case histories of some of America's most experienced overseas operators should serve to outline the dimensions of American industrial training programs abroad.

In respect to in-plant technical training the following examples are typical of the foreign programs of the American industries these companies represent.

The International Petroleum Company, a subsidiary of the Standard Oil Company (New Jersey), carries on a large scale technical program for its 5,500 employees in Peru directed to modern techniques and methodology in drilling, lubrication, refinery operation, refinery instruments, metering, pumping and welding practices, electrical maintenance, warehousing, principles of management-labor relations and plant housekeeping.

The Cerro de Pasco Corporation, an American mining and refining operation in Peru, has for more than half a century given professional training to qualified native employees in its labor force of over 10,000 in mining, metallurgy, geology and hydroelectrics. It also offers training in crafts, management and, for the benefit of local employee welfare and the Peruvian economy, supports education in the medical, public health and veterinary fields.

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The Gillette Company, manufacturer of razors and blades, trains foreign employees in high precision machine work, quality control procedures and metallurgy, in its ten foreign manufacturing subsidiaries.

The American and Foreign Power Company gives technical courses for line crews, subterranean cable workers, meter crews, and boiler operators for the company's utility and service operations in eleven Latin American countries.

General Motors Corporation, throughout its world-wide operations, trains repairmen and distributor salesmen in plant schools and mobile instruction units. Strong emphasis is given to audio-visual and graphics instruction and much of the company's training material is used for basic training in automotive operation and maintenance in foreign school systems.

The International Division of General Electric Company, which has affiliates in most of the major nations of the world and distributors in all free world marketing areas, has operated in the U. S. parent company a program of engineering training for foreign graduate students for more than 60 years. Many of the graduates of the General Electric-sponsored courses have been employed by G. E. affiliates on their return to their home countries and others have been assisted in finding employment in governments, universities, public utilities and electrical product or facilities users. The operating characteristics of electrical machinery, design, development, manufacturing, product testing and service are covered in the company's one year course.

The foreign training program of the Standard Vacuum Oil Company at its Indonesian installations is typical of its programs in other areas and is representative of the training given by other American oil companies, such as Arabian American Oil Company in Saudi Arabia, California Texas Oil Company at Bahrain Island, Creole Oil Company in Venezuela. Stanvac's training activity, for which all Indonesian employees are eligible, includes basic technical courses, English instruction for native employees and reading and writing for illiterate workers. The company training staff

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coordinates the training of employees abroad, the issuance of scholarships in Indonesia and abroad, and administers a program of internships for university and technical school students in the company's Indonesian plants. Classroom, library, lecture-hall and laboratory facilities are provided and all modern audio-visual aids are utilized. In addition to the courses specifically related to the essential skills of oil drilling and refining, Stanvac conducts an accounting school accommodating around 450 students.

Academic and trade schools are maintained in Liberia by Firestone Rubber Company for plantation employees and their families. An important part of the company's regular school program is vocational training for office personnel.

A recent survey in Latin America conducted by the National Planning Association resulted in the surprising disclosure that 88 of 110 U. S. firms with branches or subsidiaries in Latin America has brought Latin Americans to the U. S. for training during the years 1950-1955. Collectively, U. S. companies grant hundreds of scholarships each year in operations throughout the world to enable foreign employees and students to further their education at local and U. S. universities and home office technical training programs. The diversity of such technical education is shown by a random sampling of scores of examples. One sees a lubricant processor sending workers to the U. S. and the Netherlands for advanced training; a mining company sending metallurgists regularly to Canada for technical education, a retailer sending employees to the U. S. for a year of managerial training and a plastics company providing two years of training in the U. S. for foreign personnel.

#### Dealer and Distributor Training

The dissemination of knowledge on products and production methods by American companies goes far beyond the walls of their overseas plants. In fact the plant is only the starting point for a broad program of education and information to further the utility of the company's products, equipments or services, and to develop local collateral production and distribution

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resources essential to the company's marketing process. The sharing of knowledge on production, maintenance and merchandise techniques is an essential ingredient of American business integration into foreign national economies.

Heavy emphasis has been given to such programs by U. S. companies operating in Latin America and in less advanced areas of the world. The F. W. Woolworth Company in Cuba and Sears Roebuck in Mexico, Colombia, and Venezuela offer two of many instances in which American companies share information and experience to enlarge retail markets. They have introduced innovations in retail merchandising -- sanitary packaging and food dispensing, window and counter displays, new techniques of customer relations -- that have stimulated supporting enterprise and developed new commercial standards in the communities they serve.

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UNCLASSIFIEDB - DependentsB-1 Orientation and Indoctrination

Very little is done by American companies, prior to the assignment of an American employee overseas, to orient or indoctrinate or even interest his wife or other dependents in the historical, social and cultural life of the foreign country. This is left almost entirely to the employee, assisted to a degree by company publications carrying articles on the foreign community and its domestic life. Some instruction on hygiene and health conditions in underdeveloped countries, particularly countries in tropical areas, is given to wives and dependents when they receive their pre-departure inoculations.

While little is done for dependents prior to departure, once the employee and family have reached the overseas post a real effort is made to assimilate them into the foreign community. On being settled by the company, the wife is invited to join various domestic and cultural clubs conducted by wives of other American employees. As guest of these groups the newcomer is instructed by members on the living conditions, domestic problems and practices, schooling for children and social and recreational activities of the community. In many foreign cities, the major cities of Brazil, for instance, newly arriving American women are greeted in the "welcome wagon" manner so common to U. S. communities and thus are oriented from the start in the life of the country.

B-2 Language Training

Unlike European women living in other countries, American women abroad generally show little interest or aptitude in learning the native language. A majority are content to limit their associations to other Americans and rarely show progress in the language beyond learning the few shopping and household words required for management of their homes. Language instruction is readily available to the few who wish to

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learn, however, often at company expense, in adult education programs, binational cultural centers and "American colony" sponsored classes. American women employees (numbering only a minor fraction of the American male employees), contrary to the attitude of employees' wives, regard proficiency in the local language as a sine qua non of their job responsibilities and consequently give it serious study. American companies provide language instruction to their American personnel as an integral part of their overseas training programs.

**B-3 Transportation, Housing, Welfare Services, Education of Minors, etc.**

Transportation of American employees to overseas posts is always at company expense and when length of assignment justifies it, transportation of their families and personal and household effects is also borne by the company.

Passage is first class, by ship or airplane, and constitutes an important expense to the company. In many cases the cost of transportation determines the relative value to the American company of sending U. S. employees overseas to train foreign employees or bringing foreign employees to the U. S. for training. Many of the larger companies follow the latter course in regard to upper-level foreign personnel on the premise that it is more economical and effective for the company and more rewarding to the foreign employee in that it gives him a better understanding of the American free enterprise system and a feeling of intimate membership in the company family. It is noteworthy that the U. S. -trained foreign employee has a significant public relations value to his company and American business in general. By acquiring a first hand knowledge of the American way of life and imparting this knowledge to his countrymen, he helps to insure America's good public and political relations with his home country.

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Housing of Americans abroad is at company expense one way or another, either in company-constructed and maintained housing developments in underdeveloped countries or where acute shortages exist or through housing allowances in metropolitan cities of industrialized nations. Housing allowances are based on salary grades and are comparable to those granted by the U. S. Government to its foreign service personnel. Exploration, extractive and refining industries and agricultural production enterprises operating large installations in underdeveloped countries have been constrained to provide housing not only for American personnel but for native as well. Such construction for the most part has been in the nature of complete villages requiring water supply, electricity, fuel, sewerage, schools, dispensaries, commissaries and recreational facilities.

Welfare services are a built-in component of management-personnel relations in nearly all American business and industrial operations overseas. The health and contentment of the American employee and his family are as important to the company as to the employee. In terms of transportation and maintenance he represents an important investment to his company; consequently special efforts are made to insure his physical health and the health of his dependents with good medical services, instruction in local hygiene and the best of sanitary working conditions. Group health insurance, in-plant dispensaries and nursing facilities and safety programs in the plant community are standard benefits. Equally strong efforts are directed to the mental health of the American employee and his dependents. These are reflected in company recreational, social and cultural programs and in women and youth activities of American business community organizations which the company helps to support.

Education of the children of American employees, except in underdeveloped areas where company schools are operated or educational facilities are company-subsidized, is left to the responsibility of the employees. When the American employee's foreign assignment is limited to a year or two his school-age

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children are often left in stateside boarding schools. Children who accompany their parents abroad are generally sent to private American or English schools in countries whose educational systems are below American standards. The American schools are usually financed through tuition fees. In many instances these are supplemented by contributions of the local American companies. In rural areas where American companies maintain schools for the children of native employees, the American children get their schooling along with the native children. There is little mixing of American and native children in education. However, social mixing is encouraged as an important aspect of community relations and many sports, recreational and cultural activities are sponsored by American companies to stimulate friendship between American and native young people.

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As noted in the foregoing subject on American employee dependents, housing of American employees in metropolitan areas is a matter of personal selection; in remote and inaccessible areas housing is provided by the company with quality according to salary levels of the employees, American or native, either on a rental or long term installment payment ownership plan. Characteristic of company practices in the latter case is the housing program of the Standard Vacuum Oil Company at its installations in Indonesia. At one of its refineries, Stanvac employs 9,800 unskilled and semi-skilled Indonesian workers. Of this number about 2,500 are housed by the company while the remainder live in native villages or nearby urban centers. Employees at any wage level who do not occupy company quarters receive a housing allowance of 13 percent of their basic pay. American, Dutch and high-level Indonesian employees living on company sites occupy houses comparable in quality to those of suburban developments in U. S. factory communities. One Stanvac development, occupied mainly by middle-income bracket Indonesian employees, consists of 362 new duplex and four-unit concrete houses situated on well-kept streets. Starting from unfilled and ungraded swampland the company built an entire community, complete with public utilities, schools and shopping center.

Such housing and community service programs which, in many instances, have included roadbuilding, communications and transportation facilities, shipping installations, and even the construction of churches, have invariably been undertaken out of necessity to provide the requisites of employment and industrial operations. Such community development requires a delicate sense of balance in the companies' country relationships and, as conditions permit, they

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endeavor to relieve themselves of such extraneous responsibilities by turning them over to local and national governments or native entrepreneurs. They feel that company paternalism is not only uneconomic but tends to increase employee dependence and stultify the local community's social initiative. Also in many countries (Guatemala, Colombia, Peru, for example) experience has shown that the community leadership such patronage entails is more likely to generate political antagonism or bureaucratic cupidity sufficiently strong as to imperil the company's operations and investment than create the public confidence it seeks and deserves.

### C-2 Recreation Facilities

Wherever American business operates American employees enjoy the same recreational facilities they are accustomed to have at home. Recreational, social and cultural benefits are so common to American employee-relations that company-family identity would be lost without them. The foreign subsidiary like its American parent company carries out activities to amuse the leisure of all its employees--company library, motion picture programs, adult education and hobby groups, baseball, swimming, golf, tennis and basketball teams. Where company facilities are lacking, arrangements are made with other companies to share their facilities or with local clubs for employee use. Executive-level native employees and office workers generally are extended the club privileges given to American employees. In addition the American business community and binational cultural centers have sports and recreation programs and support international golf, tennis and country clubs to which American employees and their dependents are welcome.

In keeping with foreign national recreation and sports interests, American companies provide equipment and programs for the native working force and their families. In company communities such as those of the oil extraction, rubber, sugar, and mining

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A program of medical research started early in the Firestone operation culminated in 1952 with the creation

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of the Liberian Institute of the American Foundation of Tropical Medicine, now a world center in the research of tropical diseases.

Also Firestone established the country's first trans-oceanic communications system and constructed a hydroelectric power plant to provide essential public services for which the government had neither experience nor funds. Since the start of the Firestone operation in 1926, Liberian exports have multiplied over twenty times; 30,000 employees have steady wages from the yield of 90,000 acres of rubber trees, and collateral business and industry have found commensurate growth under the direction of technically-trained Liberians educated in Firestone schools.

The Liberian operation is typical of the economic integration that Firestone practices in its world-wide production and distribution system. The company maintains plants in Canada, Venezuela, England, New Zealand, South Africa, India, Germany, Argentina, Brazil, Switzerland, Sweden and Spain.

Another example of the partnership of American investment with foreign countries is that of the United Fruit Company and the Central American nations in which the company has been operating for 57 years, originally in the production of bananas and more recently in sugar, chocolate, manila hemp and palm oil. Starting with unexplored jungle, United Fruit has built many communities and caused cities to grow around the production and commerce it has created. Like so many other American companies operating in underdeveloped areas, the company has had to assume many of the obligations of government while eschewing the role of government. It has provided a large percentage of the facilities of commerce and the instruments of social well-being, building railroads, dock-sites, power-plants, commissaries, living quarters, hospitals, schools and churches and nearly all the other accessories of a decent standard of living.

Another noteworthy company-country working relationship with many of the same problems has been developed by the Standard Vacuum Oil Company and the Republic of Indonesia. This also is based on mutual good will and cooperation in utilizing American private investment to promote profitable enterprise and nurture the growth of the national economy. The company has constructed 775 miles of roads, pipelines, docks,

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airports (two of which are used by the Government airline), telephone systems, electric power systems, company communities, schools and hospitals, at no cost to the government and all available to the public, and has contributed to the maintenance of public roads and bridges. These Stanvac works have made agricultural development possible. They have helped to create community-supporting businesses and have opened new outlets for native raw materials, for new building and manufactures.

### Technological development

The sharing of scientific and technical knowledge, American business has found, pays big dividends in every market. It helps build local industry, expands the demand for American products, contributes to national progress in many tangible ways and provides pools of technological know-how to speed the growth of American foreign enterprise.

In one way or another almost every American company operating abroad contributes knowledge and skills to all levels of the local working force -- from the professional scientist and post-graduate specialist down through mechanics and operators to unskilled labor. The many ways in which the individual American companies spur technological advances in other countries are marked by the commercial experiences of Anderson Clayton and Company, a large cotton and coffee processor operating in five Latin American countries. The company's improved methods of cotton ginning, introduced in Brazil, have raised the standards of ginning for the entire country; a company designed cotton-lint press has doubled the number of bales of cotton that previously could be loaded on a railway car -- a long step forward in the distribution of this important national commodity; its system of warehouses for export cotton has added greatly to the industry's progress. In the Brazilian vegetable oil industry Anderson Clayton's new techniques to remove solids and improve bleaching and deodorizing techniques have expanded export markets for Brazil's high quality oil and thereby have raised an infant industry to a major position in the country's economy. As part of its selling program the company gives store demonstrations in cookery, dietetics and nutrition and distributes recipe books on a broad scale.

In Latin America, International Harvester Company, seeking to correct human inefficiencies which seriously obstructed

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the mechanization of agriculture throughout South America, introduced a broad gauge training program to train local teachers who in turn would train users and employees of the company's distributors. During 1951-54, 300 schools for operators and maintenance men trained nearly 15,000 persons in simple, graphic and technically well-organized courses on agricultural machinery. International Harvester diffuses its technical knowledge throughout the world with a continuous flow of catalogs, booklets, and manuals in the languages of the many countries in which the company has subsidiaries.

Similarly operating throughout the world, Singer Sewing Machine Company carries its sewing lessons and homecraft training and cottage industry programs from metropolitan centers to the farthestmost jungles.

The Dupont Company employs expert agronomists to give technical information on agricultural chemicals and soil conditioning while selling the insecticides and fungicides it produces in Peru and other Latin American countries.

On the financial side of knowledge-sharing, a Brazilian underwriting house whose capital was largely subscribed by the Chase Manhattan Bank of New York, serves as a demonstration center for the organization of capital markets along U. S. banking lines and services new enterprises and investors alike.

The foreign subsidiaries of major American pharmaceutical manufacturing companies carry on knowledge-sharing and local research programs for medical practitioners and students not only to expand their markets but to create reserves of scientific personnel on which to draw for company employment.

The giants of American industry -- the leading manufacturers of automotive, agricultural, construction and electrical machinery and products and the big processors of oil, steel, chemicals and pharmaceuticals have created foundations with large capital reserves for the explicit purpose of cultivating knowledge for the benefit of mankind. Funds are made available to American universities overseas and to foreign colleges and technical institutes for special studies and research. Foreign students by the hundreds are brought to the U. S. for advanced study under scholarships granted by these foundations. The knowledge foreigners gain in new processes in American science and industry

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adds materially to the progress of their native countries when they return home and put it in practice.

American business men's groups in cities throughout the world frequently subsidize research programs on technical and scientific problems in local universities such as is customarily done in the U. S. by trade associations and industrial organizations.

In underdeveloped areas, locally operating American business and industry have provided extensive educational facilities essential to economic progress. A classic example is the Pan-American School of Agriculture in Honduras which offers a three-year course of practical training in all phases of tropical agriculture to qualified young Latin Americans. The school represents an investment by United Fruit of more than \$5 million and an annual supporting fund of nearly \$350 thousand.

#### Public Relations

In keeping with local investment and marketing values, American companies direct their institutional advertising in many countries to the building of closer ties with local business and the public and in promoting a better understanding of the American private enterprise system.

All the media of public communication are used to this end -- films, lectures, company publications, radio and television programs, news and feature services to local publications. In Brazil, for instance, radio and television news and feature programs are sponsored by Coca Cola, General Electric, Esso, Bendix and American and Foreign Power, all bearing on U. S. and Brazilian economic and cultural affinities. Motion picture programs are regularly presented by Ford, General Electric, the New York Port Authority, and International Harvester, among others. Many of the larger U. S. firms sponsor hospitality programs for important local figures and foreign visitors. Airlines -- Pan American and Braniff -- and shipping lines -- Moore-McCormack and Delta -- promote two-way tourism between Brazil and the U. S. by publicizing respective attractions and sponsoring exchanges of persons.

The American business community works collectively for national identification by contributing generously to cultural

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interests, often initiating and maintaining youth organizations, sports clubs, labor social clubs and women group activities. One finds such diverse activities as a soft ball league organized and subsidized by American business men in Madras, a country-wide 4-H club movement and junior baseball leagues sponsored by North Americans in Mexico; symphonic orchestras, art exhibits, underprivileged children's summer camps, national commemorative festivals of all kinds in all parts of the world supported by American business groups. One also sees such cultural endeavors by individual American companies as Creole Oil sending an exhibit of the works of Venezuela's leading artist on tour of the U. S., and publishing books on the avifauna of Venezuela; United Fruit Company reconstructing the ancient Maya sites in Guatemala as a national monument, and Aramco contributing to archeological research in the Bible Land.

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It is by such overseas investment in plant and labor, by such dispersion of scientific processes and technical skills, by such integration into the economies of other countries and by such application of management-personnel principles as this report has indicated that American business and its overseas representatives demonstrate throughout the world the power of private enterprise to create the social capital so necessary to international understanding and cooperation.

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