

INTERNATIONAL COOPERATION ADMINISTRATION  
WASHINGTON

November 27, 1959

OFFICE OF  
THE DIRECTOR

**MEMORANDUM FOR:** The Honorable Robert E. Merriam  
Deputy Assistant to the President for  
Interdepartmental Affairs  
The White House

**SUBJECT:** Project HOPE

You had requested that I review the Status Report on Project HOPE submitted to the White House Staff on November 3; that I discuss the status of the Project with Dr. Walsh; and that I make recommendations as to what additional arrangements, if any, are needed before the hospital ship Consolation is released for recommissioning.

Dr. Walsh and I considered the matter on November 16. We then agreed that Dr. Walsh would arrange a further meeting in which available members of the Board of Directors of the People-to-People Health Foundation, Inc., would participate. This meeting took place on November 25 with the following representatives of the Foundation attending:

Dr. William B. Walsh, President  
and member of the Board of Directors

Mr. Joseph T. Geuting, Jr., Vice President  
and member of the Board of Directors

Mr. Eugene H. Zukert, Secretary  
and member of the Board of Directors

Mr. Percival Brundage, Treasurer  
and member of the Board of Directors

Mr. Bernie Yudain of Time/Life Incorporated  
representing Mr. C. D. Jackson, a member of  
the Board of Directors



The Foundation had made available, prior to the meeting, budget estimates for the cost of one year's operation of **Project HOPE** amounting to \$3.2 million. Our own experts considered that some of the items in these estimates were somewhat low and that a higher aggregate figure of up to \$4 million might prove to be more realistic and would certainly be safer. Both sides at the meeting agreed that such a difference in cost estimates was to be expected at this time and that further necessary refinements of the estimates would tend to reduce the difference.

Dr. Walsh presented at the meeting a tabulation of the financial resources available to the Foundation as of November 20 totaling about \$760,000 in cash received, pledges made, gifts received in kind, and stock gifts. He stated that the Board of Directors of the Foundation, at its meeting on September 10, had decided that this amount of resources on hand plus the sum of the expected proceeds of an industrial fund raising campaign and a public fund raising campaign provided the necessary financial basis for a successful launching of the **Project**.

I told the representatives of the Foundation that I could not help but have serious doubts on the advisability of committing an additional \$2,336,000 of **Mutual Security Funds**, estimated by the Department of the Navy as the cost of the actual "demothballing" of the Consolation, before the Foundation was in actual possession of a substantially greater amount of financial resources. I mentioned \$3 million as a minimum figure and suggested that the Foundation delay its request for the commitment of Government funds until their two fund raising campaigns had demonstrated a corresponding success.

Dr. Walsh put forth the argument that the commitment of Government funds was itself a condition vital to the success of the industrial fund raising campaign initiated on November 15 as well as a condition vital to the opening of the public fund raising campaign by the National Advertising Council, scheduled for the last week of December and for January.

I responded by pointing out that the fundamental character of **Project HOPE** as a **People-to-People** project would be weakened if private fund raising were so closely conditioned on prior public fund commitments as to make the Government virtually a sponsor.




I would now like to inform you that my own best estimate of the situation is as recorded above. Unless there is any other consideration that must be taken into account, I find it difficult to recommend going ahead on the basis proposed unless we are assured by the Project HOPE Inc. that it has as much as \$3 million in hand (including bankable pledges) before we commit our funds to the refurbishing of the ship.

It is my opinion that if we decide to go ahead on the proposal as it now stands, at the very minimum, the Board of Directors of Project HOPE Inc. should meet, review the project and confirm to the President that it, as a body, is confident that it will be able to collect the \$3 or \$4 million necessary to support the project for one year.

For your convenience, I attach a copy of the Financial Statement of HOPE. The part pertaining to total cash deposits was certified (with an insignificant discrepancy of \$1,000) by Theodore McGann and Company, Accountants and Auditors; as regards the other parts, Dr. Walsh advises that "the figures of corporate pledges and pledges of material in kind in lieu of dollar requirements in our planned budget have been submitted to us in good faith."

There is also attached an excerpt from a summary report of the meeting of the Board of Directors on September 10, 1959. Members of the Board present at that meeting in person and members represented by personal representatives are listed in a final attachment, based on information supplied by Mr. Zuckert. The latter has also informed us that the summary report "has been submitted for comment to all of the Directors, whether they were present at the meeting or not, and it is reasonable to assume in the absence of comment, that the excerpt represents an accurate summary of the discussion and the action taken." He further advised that Board members Justin Dart and Conrad Hilton, who were not present and not represented, had commenced a fund raising campaign in the Los Angeles area subsequent to this meeting.

Please call on me or my associate Dr. D. A. FitzGerald if we can be of further assistance.

  
L. J. Saccio  
Acting Director

