

FOREIGN ASSISTANCE ACT OF 1961

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AUGUST 30, 1961.—Ordered to be printed
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Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 1983]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as "The Foreign Assistance Act of 1961".

PART I

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. *SHORT TITLE.*—This part may be cited as the "Act for International Development of 1961".

SEC. 102. *STATEMENT OF POLICY.*—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people,

and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

Finally, the Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the “Development Loan Fund” to be used by the President to make loans pursuant to the authority contained in this title.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

(d) Funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title \$1,200,000,000 for the fiscal year 1962 and \$1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: Provided, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title,

funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

SEC. 203. FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

SEC. 204. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States. Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

SEC. 205. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International Development Association Act (Public Law 86-565, 74 Stat. 293) and the articles of agreement of the Association.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this

title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of section 211 not to exceed \$380,000,000, which shall remain available until expended.

SEC. 213. ATOMS FOR PEACE.—The President is authorized to use, in addition to other funds available for such purposes, not to exceed \$2,000,000 of the funds available for the purposes of section 211 for assistance, on such terms and conditions as he may determine, designed to promote the peaceful uses of atomic energy outside the United States.

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

SEC. 215. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of less developed friendly countries, and in friendly countries where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.

SEC. 216. VOLUNTARY AGENCIES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation of friendly peoples, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments

by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly-owned foreign subsidiary of any such corporation—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$1,000,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: Provided, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises, and no such guaranty shall exceed \$10,000,000: Provided further, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: Provided further, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$90,000,000: Provided further, That this authority shall continue until June 30, 1964.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221(b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under section 221(b), under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security

Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended.

(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: Provided, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).

SEC. 223. DEFINITIONS.—As used in this title—

(a) the term "investment" includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and

(b) the term "expropriation" includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project.

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United

States capital available for investment in Latin American countries for the purposes set forth herein.

(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$10,000,000.

(c) The provisions of section 222(a), (b), (d), and (e) shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 221(b)(2).

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person on such terms and conditions as he may determine: Provided, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President.

(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this title not to exceed \$5,000,000, which shall remain available until expended.

SEC. 233. DEFINITIONS.—As used in this title—

(a) the term "person" means a citizen of the United States or any corporation, partnership, or other association substantially beneficially owned by United States citizens; and

(b) the term "survey of extraction opportunities" means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

TITLE V—DEVELOPMENT RESEARCH

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made available for this part to carry out programs of research

into, and evaluation of, the process of economic development in less developed friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$153,500,000.

SEC. 303. INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: Provided, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he

may determine, in order to support or promote economic or political stability.

SEC. 402. *AUTHORIZATION.*—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$165,000,000, which shall remain available until expended.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. *CONTINGENCY FUND.*—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$300,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed of the use of funds under this section.

CHAPTER 6—ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES

SEC. 461. *ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES.*—Wherever the President determines that the economy of any country is in major part an agrarian economy, emphasis shall be placed on programs which reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such country, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation.

PART II

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 501. *SHORT TITLE.*—This part may be cited as the “International Peace and Security Act of 1961”.

SEC. 502. *STATEMENT OF POLICY.*—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest extent possible to further the defense of the North Atlantic Area.

CHAPTER 2—MILITARY ASSISTANCE

SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice.

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal years 1962 and 1963 to carry out the purposes of this part, not to exceed \$1,700,000,000 for each such fiscal year, which sums shall remain available until expended.

(b) *In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.*

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

(b) *To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.*

SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) *it will not, without the consent of the President—*

(A) *permit any use of such articles by anyone not an officer, employee, or agent of that country,*

(B) *transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or*

(C) *use or permit the use of such articles for purposes other than those for which furnished;*

(2) *it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;*

(3) *it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and*

(4) *unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished.*

(b) *No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—*

(1) *that such country conforms to the purposes and principles of the Charter of the United Nations;*

(2) *that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world;*

(3) *that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and*

(4) *that the increased ability of such country to defend itself is important to the security of the United States.*

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement

from funds made available for use under this part, if such country or international organization agrees to pay the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m)(1) plus the scrap value, or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year 1962, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1962 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—

(a) *The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$57,500,000: Provided, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.*

(b) *Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics.*

PART III**CHAPTER 1—GENERAL PROVISIONS**

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) *The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.*

(b) *In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—*

(1) *make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed friendly countries and areas;*

(2) *accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, friendly countries and areas participating in programs under this Act;*

(3) *seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty; and*

(4) wherever appropriate carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons.

SEC. 602. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to part II, such information to be furnished as far in advance as possible.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and transfers of fresh fruit and products thereof under this Act, shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any other law relating to the ocean transportation of commodities on United States flag vessels.

SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for

differences in the cost of transportation to destination, quality, and terms of payment.

(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: Provided, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes and within the limitations of this Act.

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions, the exclusive remedy of the owner, except as provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in

the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless such manufacture is expressly authorized by the owner of such patent.

SEC. 607. FURNISHING OF SERVICES AND COMMODITIES.—Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitation, \$5,000,000 of funds made available under section 212, which may be used to pay costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: Provided, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds

made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended, shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$45,000,000.

SEC. 609. SPECIAL ACCOUNT.—(a) In cases where any commodity is to be furnished on a grant basis under chapter 4 of part I under arrangements which will result in the accrual of proceeds to the recipient country from the sale thereof, the President shall require the recipient country to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient country in amounts equal to such proceeds;

(2) make available to the United States Government such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States Government: Provided, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available: Provided, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by Act of the Congress, be agreed to between such country and the United States Government.

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

SEC. 611. COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made

for any assistance authorized under titles I and II of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in circular A-47 of the Bureau of the Budget with respect to such computations.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 612. USE OF FOREIGN CURRENCIES.—Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

SEC. 613. ACCOUNTING, VALUATION, AND REPORTING OF FOREIGN CURRENCIES.—(a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for valuation and central accounting with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the Secretary shall issue regulations binding upon all agencies of the Government.

(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be reported by all agencies of the Government.

(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all

foreign currencies acquired without payment of dollars on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

SEC. 615. CONTRACT AUTHORITY.—Provisions of this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 616. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to title I and title II of chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960, and in order to carry out the policies of this Act and the purposes of this section, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to ensuring a wider and more equitable distribution of the ownership of land.

SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.— Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a) No assistance shall be furnished under this Act to the present government of Cuba. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished, where such citizen has exhausted available legal remedies and the debt is not denied or contested by such government.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than twenty per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 621. EXERCISE OF FUNCTIONS.—(a) The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions to any of his subordinates. In providing technical assistance under this Act in the field of education, health, housing, or agriculture, or in other fields, the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

(b) Notwithstanding the provisions of section 642(a), the corporate entity known as the Development Loan Fund, the International Cooperation Administration, and the Office of the Inspector General and Comptroller shall continue in existence for a period not to exceed sixty days after the effective date of this Act, unless sooner abolished by the President. There shall continue to be available to each such agency and office during such period the respective functions, offices, personnel, property, records, funds, and assets which were available thereto on the date prior to the effective date of this Act.

(c) *On the date of the abolition of the corporate entity known as the Development Loan Fund, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Fund as of the date of abolition and not otherwise disposed of by this Act. In addition, on such date the President shall designate such officer or head of agency as the person to be sued in the event of default in the fulfillment of the obligations of the Fund, and shall transfer to such officer or head of agency such offices, entities, functions, property, and records of the Fund as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the Fund as the President determines to be necessary. Not later than ninety days after the date of such transfer, the President shall transmit to the Congress a final report of the operations and condition (as of the date of the transfer) of such Fund.*

(d) *On the date of the abolition of the International Cooperation Administration the President shall transfer to an officer or head of an agency of the United States Government carrying out functions under part I such offices, entities, functions, property, records, and funds of such agency, not otherwise disposed of by this Act, as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the International Cooperation Administration as the President determines to be necessary.*

(e) *On the date of the abolition of the agencies referred to in subsections (c) and (d) of this section, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept, the assets, obligations, and liabilities of, and the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.*

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) *Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.*

(b) *The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.*

(c) *Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.*

SEC. 623. THE SECRETARY OF DEFENSE.—(a) *In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for—*

- (1) *the determination of military end-item requirements;*
- (2) *the procurement of military equipment in a manner which permits its integration with service programs;*
- (3) *the supervision of end-item use by the recipient countries;*
- (4) *the supervision of the training of foreign military personnel;*
- (5) *the movement and delivery of military end-items; and*
- (6) *within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.*

(b) *The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.*

SEC. 624. STATUTORY OFFICERS.—(a) *The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—*

(1) *one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;*

(2) *two shall have the rank of Deputy Under Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department; and*

(3) *nine shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an Executive Department, and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.*

(b) *Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in paragraphs (2) and (3) of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.*

(c) *Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.*

(d) *Notwithstanding the provisions of sections 642(a)(1) and 642(a)(2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections 205(b), 527(b), or 533A of the Mutual Security Act of 1954, as amended, or Reorganization Plan Numbered 7 of 1953, may continue to hold such office or position, subject to the discretion of the head of the agency primarily responsible for administering part I, for a period of not more than sixty days following the effective date of this Act.*

(e) (1) *In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by*

the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,500 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative

and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or part II of this Act, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: Provided, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act

is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed seventy-six may be appointed compensated, or removed without regard to the provisions of any law, of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed eight may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year: Provided, That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed three may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases the provisions of section 528 of that Act: Provided, however, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or

assignment exceeds thirty months: Provided further, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe.

(e) The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel.

(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.

(g) The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.

(h) Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.

(i) To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS:—(a) *Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.*

(b) Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the

performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service. Nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

SEC. 627. *DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.*—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.

SEC. 628. *DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.*—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

SEC. 629. *STATUS OF PERSONNEL DETAILED.*—(a) Any officer or employee, while assigned or detailed under section 627 or 628 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under section 627, 628, 631, or 624(e) of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization.

of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization to reimburse the United States Government for compensation, travel expenses, and allowances; or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 629.

SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part 1 shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section 625(d), as the President shall determine to be appropriate.

SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—

(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services).

Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: Provided, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635e).

(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: Provided, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: Provided further, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 637(a)) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of identifying the applicable appropriation or account to which such expenses should be charged would be disproportionate to the advantages to be gained.

SEC. 633. WAIVERS OF CERTAIN LAWS.—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 et seq.)), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

(b) The functions authorized under part II may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(c) Notwithstanding the provisions of sections 3544(b) and 8544(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

SEC. 634. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act. Each such report shall include information on the operation of the investment guaranty program.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States. In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or

any committee of the Congress charged with considering legislation, appropriations, or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.

(d) In January of each year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the preceding twelve months under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act; or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, 614(a), or 614(b).

(e) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to, him and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

(h) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

SEC. 636. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations

to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations or of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 626;

(3) contracting with individuals for personal services abroad: Provided, That such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission;

(4) purchase, maintenance, operation, and hire of aircraft: Provided, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: Provided, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes outside the United States may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff outside the United States established under section 631: Provided further, That passenger motor vehicles, other than one for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78(c)(2)) and section 201 of Public Law 85-468 (5 U.S.C. 78a-1)) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: Provided, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the head of the agency primarily responsible for administering part I or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

(10) rent or lease outside the United States for not to exceed ten years of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Gov-

ernment or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

(11) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in any program under part I, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(15) ice and drinking water for use outside the United States;

(16) services of commissioned officers of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

(b) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding without regard to the provisions of any other law, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

(c) Notwithstanding any other law, not to exceed \$3,000,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (1) essential living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (2) schools (including dormitories and boarding facilities) and hospitals for use of personnel carrying out activities authorized by this Act, United States Government personnel,

and their dependents. In addition, funds made available for assistance under this Act (other than title I of chapter 2 of part I) may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

(d) Not to exceed \$1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: Provided, however, That any such payments to an employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I.

(g) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses;

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel, in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees; and

(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other

provision of law requiring a specific authorization or specific appropriation for such public contracts.

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$50,000,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated to the Secretary of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as "American Aid".

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

- (1) Reorganization Plan Numbered 7 of 1953;
- (2) the Mutual Security Act of 1954, as amended (except sections 143, 402, 405(a), 405(c), 405(d), 408, 414, 417, 451(c), 502(a), 502(b), 514, 523(d), and 536): Provided, That until the enactment of legislation authorizing and appropriating funds for activities heretofore carried on pursuant to sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, such activities may be continued with funds made available under section 451(a) of this Act;
- (3) section 12 of the Mutual Security Act of 1955;
- (4) sections 12, 13, and 14 of the Mutual Security Act of 1956;
- (5) section 503 of the Mutual Security Act of 1958;
- (6) section 108 of the Mutual Security Appropriation Act, 1959;
- (7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and
- (8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642(a)(2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps or the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.

SEC. 644. DEFINITIONS.—As used in this Act—

(a) "Agency of the United States Government" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) "Armed Forces" of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) "Defense article" includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) "Defense service" includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations as grant assistance under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to

support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations as grant assistance under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations as grant assistance under this Act, the contract or production costs of such articles.

Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: Provided, That such articles are not excess at the time such prices are negotiated: Provided further, That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of paramount importance than long-range economic plans take cognizance of the need for a

dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently hostile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

PART IV

SEC. 701. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

(1) In paragraph (5) of subsection (a) insert after "thereof" in the second parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States, determines a contract financed under a successor provision of any successor Act should be covered by this section".

(2) In subsection (e) strike out "June 30, 1958, but not completed on July 24, 1959" and substitute therefor "but not completed on the date of enactment of any successor Act to the Mutual Security Act of 1954, as amended".

SEC. 702. In paragraph (4) of section 101(a) of the War Hazards Compensation Act, as amended (42 U.S.C. 1701), insert after "thereof" in the parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States Government, determines a contract financed under a successor provision of any successor Act should be covered by this section".

SEC. 703. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

"SEC. 305. There is hereby authorized to be appropriated to the Secretary of State such sums as may be necessary from time to time to administer and carry out the objectives of this Act."

(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment.

SEC. 704. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting "such agency as the President shall direct" and "agency" for "the Export-Import Bank" and "bank", respectively.

SEC. 705. Section 5 of the joint resolution to promote peace and stability in the Middle East (22 U.S.C. 1964) is amended by substituting "whenever appropriate" for "within the months of January and July of each year".

SEC. 706. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), is amended by adding a new section 4 reading as follows:

"GENERAL PROVISIONS

"SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President

determines to be necessary to carry out the purposes for which such funds are appropriated.

"(b) Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration."

SEC. 707. Section 523(d) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1783(d)), is amended by striking out the words "achievement of United States foreign policy objectives" and inserting in lieu thereof the words "prevention of improper currency transactions".

SEC. 708. The Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), is further amended as follows:

(1) In the second sentence of section 701, strike "to the extent that space is available therefor"; substitute "members of family" for "spouses"; and add before the period "or while abroad".

(2) Amend section 872 by striking out subsections (b) and (c) and inserting in lieu thereof the following:

"(b) When any such retired officer or employee of the Service is re-employed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.

"(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title."

(3) In section 911, add the following new paragraphs (9) and (10):

"(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their families, while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave;

"(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty."

(4) Amend section 933(a) to read as follows:

"(a) The Secretary may order to the continental United States, its territories and possessions, on statutory leave of absence any officer or employee of the Service who is a citizen of the United States upon completion of eighteen months' continuous service abroad and shall so order as soon as possible after completion of three years of such service."

(5) Amend the title of section 942 and subsection (a) thereof to read as follows:

"TRAVEL FOR MEDICAL PURPOSES

"SEC. 942. (a) In the event an officer or employee of the Service who is a citizen of the United States or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there is no qualified person or facility to provide such care, the Secretary may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person by whatever means he shall deem appropriate, including the furnishing of transportation, and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained. If any such officer, employee, or dependent is too ill to travel unattended, or in the case of a dependent too young to travel alone, the Secretary may also pay the round-trip travel expenses of an attendant or attendants."

SEC. 709. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is hereby amended to read as follows:

"SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: Provided, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum."

SEC. 710. (a) The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by striking out "\$33,000" and "\$15,000" and inserting in lieu thereof "\$48,000" and "\$30,000", respectively.

(b) The amendments made by this section shall be effective only for the fiscal year 1962.

And the House agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZARLOCKI,
OMAR BURLESON,
FRANCES P. BOLTON,
WALTER H. JUDD,

Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
WAYNE MORSE,
GEORGE D. AIKEN,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

The House amendment included a number of references to "economically underdeveloped countries" while the Senate bill used the designation "less developed countries". The managers on the part of the House agreed to the designation of "less developed countries" as having no significant difference in meaning and as being more acceptable to the nations to which the term is applied.

The House amendment referred in several instances to "appropriate committees of the Congress" in instances when the Senate bill referred to specified committees of the Senate and to the "Speaker of the House of Representatives". The managers on the part of the House agreed to the references to "the Speaker of the House of Representatives" as more precisely in accord with the Rules of the House.

INTRODUCTION

The House amendment authorized an appropriation of \$4,368,500,000 while the Senate bill authorized funds in the amount of \$4,076,500,000. The Senate bill also carried an authorization for Treasury borrowing for development loans of \$1,700,000,000 for each of the 4 fiscal years 1963 through 1966—a total of \$6,800,000,000. The committee of conference agreed to an authorization of an appropriation of \$1,200,000,000 for fiscal year 1962 and \$1,500,000,000 for each of the next 4 years.

For military assistance the Senate bill authorized an appropriation of \$1,550,000,000 for each of fiscal years 1962 and 1963. The House amendment authorized an appropriation of \$1,800,000,000 for use beginning in fiscal year 1962 and such sums as may be necessary for fiscal year 1963. The committee of conference agreed to an authorization of appropriations for \$1,700,000,000 for each of fiscal years 1962 and 1963.

The committee of conference agreed to the following additional authorizations: fiscal years 1963-66, development loans, \$6,000,000,000; and 1963—military assistance, \$1,700,000,000. Together with the

authorization for fiscal year 1962 of \$4,253,500,000, the total authorizations are \$11,953,500,000.

The following table shows the adjustments between the two Houses:

| | Senate bill | House amendment | Conference agreement | Adjustment against Senate bill | Adjustment against House bill |
|---|------------------------|----------------------|------------------------|--------------------------------|-------------------------------|
| Part I: | | | | | |
| Chapter 2—Development assistance: | | | | | |
| Title I—Development loans..... | ¹ \$1,187.0 | \$1,200.0 | ² \$1,200.0 | +\$13.0 | |
| Title II—Development grants..... | 380.0 | 380.0 | 380.0 | | |
| Title IV—Investment surveys..... | 5.0 | 5.0 | 5.0 | | |
| Chapter 3—International organizations and programs..... | 153.5 | 153.5 | 153.5 | | |
| Chapter 4—Supporting assistance..... | 450.0 | 481.0 | 465.0 | +15.0 | -\$16.0 |
| Chapter 5—Contingency fund..... | 300.0 | 300.0 | 300.0 | | |
| Part II: | | | | | |
| Chapter 2—Military assistance..... | ³ 1,550.0 | ⁴ 1,800.0 | ⁴ 1,700.0 | +150.0 | -100.0 |
| Part III: | | | | | |
| Chapter 2—Administrative expenses..... | 51.0 | 49.0 | 50.0 | -1.0 | +1.0 |
| Total..... | 4,076.5 | 4,368.5 | 4,253.5 | +177.0 | -115.0 |

¹ Also authorized additional borrowing authority of \$1,700,000,000 for fiscal years 1963-66.

² Also authorizes an appropriation of \$1,500,000,000 for each of fiscal years 1963 through 1966.

³ Also authorized an appropriation of \$1,550,000,000 for fiscal year 1963.

⁴ Also authorized an appropriation for fiscal year 1963 of such sums as may be necessary.

⁵ Also authorizes an appropriation of \$1,700,000,000 for fiscal year 1963.

LONG TITLE

The House amendment stated in the long statutory title that the bill is to "promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development * * *"

The Senate bill was identical except that the words "and social" were deleted.

The managers on the part of the House accepted the interpretation of the Senate and of the Executive that the phrase "economic development" be used consistently in the bill to embrace social as well as economic aspects of economic development and deleted the words "and social."

SHORT TITLE (SEC. 1)

The House amendment required that the bill be cited as an "Act for Peace and Mutual Progress with Justice and Freedom for All."

The Senate bill provided that the bill be cited as the "Foreign Assistance Act of 1961."

The managers on the part of the House concurred in the position of the Senate that since the function of the short title was primarily identification and reference, "Foreign Assistance Act of 1961" was acceptable.

STATEMENT OF POLICY ON ECONOMIC ASSISTANCE (SEC. 102)

Both the Senate bill and the House amendment contained comprehensive statements of policy reaffirming expressions previously made of the intent of Congress with respect to the objectives of the non-military assistance programs of the United States together with expressions of congressional approval of new concepts and new pro-

cedures to be followed in the carrying forward of the program for economic development.

The committee of conference recognized that although the policy statements differed in language and in emphasis, they agreed with respect to basic policy, and it adopted a policy statement combining the language of both the Senate bill and the House amendment.

The managers on the part of the House insisted on the inclusion in the statement of policy of a strong expression of U.S. support for the principle of freedom of navigation on international waterways and of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion.

Subsection 102(i) of the House amendment relating to the continued opposition of the United States to the recognition of Red China and the seating of representatives of Red China in the United Nations was omitted from the act as agreed to because an expression of the sense of the Congress on this issue is contained in Senate Concurrent Resolution 34 which has already been approved by the Senate and is scheduled for consideration by the House of Representatives on the date following the filing of this conference report.

The statement with respect to guarantees of freedoms contained in section 600 of the House amendment was deleted in view of comparable language in the statement of policy.

DEVELOPMENT LOAN FUND (SEC. 201)

Section 201(a) of the Senate bill required that the President establish a fund to be known as the Development Loan Fund to make development loans. The House amendment did not contain any provision for the establishment of a Development Loan Fund but provided general authority for the making of development loans.

The managers on the part of the House accepted the Senate language in the belief that the retention of the name "Development Loan Fund," well established and widely known under the Mutual Security Act, would provide continuity and avoid possible confusion, particularly in foreign countries. This provision is not intended to affect the integrated operation of the new AID agency.

ADVERSE EFFECT ON U.S. ECONOMY

Section 201(a) of the House amendment relating to development loans and section 211 of the House amendment relating to development grants included similar provisions that—

if the President finds that a loan [or grant] proposed to be made under this part would have a substantially adverse effect upon the U.S. economy, or any substantial segment thereof, the loan [or grant] shall not be made.

The Senate bill did not include such provisions.

The managers on the part of the House agreed to the elimination of this requirement as applied to development loans but insisted that it be retained with respect to development grants. In accepting this compromise the committee of conference believed that a restriction of this nature was more appropriate for grant programs than for assistance made available on the basis of loans repayable in dollars.

LIMITATION ON INTEREST RATES (SEC. 201(d))

The last sentence of section 201(b) of the Senate bill provided that development loans should be made on condition that if any portion of the funds loaned were used for the purpose of making loans within the recipient country, the interest charged by the borrowers should not exceed the interest charged by the United States by more than 5 percent per annum. The House amendment contained no comparable provision.

The managers on the part of the House were fully in accord with the desire of the Senate to avoid any situation in which funds made available by the United States might be reloaned at exorbitant rates of interest. At the same time it was recognized that variations in the situations of different countries might be such that any percentage limitation would prevent the attainment of the objectives of the development loan program.

The managers on the part of the House, therefore, accepted a compromise requiring that "funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made."

CAPITALIZATION OF DEVELOPMENT LOAN PROGRAM (SEC. 202(a)(b)(c))

Section 202(a) of the House amendment authorized the appropriation of \$1,200,000,000 for fiscal year 1962 for development loans.

Section 202(a) of the Senate bill authorized the use of borrowing authority in the amount of \$1,187,000,000 for fiscal year 1962 and \$1,700,000,000 for each of fiscal years 1963 through 1966.

The committee of conference agreed to a compromise, including the following major provisions:

Subsection (a) authorizes an appropriation of \$1,200,000,000 for fiscal year 1962 and \$1,500,000,000 for each of the next 4 succeeding fiscal years. Such funds are to remain available until expended with the provision that any unappropriated portion of the amount authorized to be appropriated for any fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal years.

Subsection (b) authorizes the President, when he determines that it is important to the advancement of the U.S. interest and necessary in order to further the purposes of the development loan program, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, to enter into agreements committing, under the terms and conditions of the development loan authority, funds authorized to be appropriated under that authority subject only to the annual appropriation of such funds.

Subsection (c) requires that upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

The compromise language agreed to by the committee of conference provides recognition by the Congress of the importance of making long-range commitments to the less-developed countries as a means of facilitating their economic development while eliminating the necessity for Treasury borrowing to finance such long-range commitments. It is not intended to imply the absence of similar authority under other categories of aid.

The Executive has authority to enter into agreements committing the United States to participate in development programs of foreign nations for a period of up to 5 years but making such commitments subject only to the regular annual or supplemental appropriations of funds. The Committee of Conference recognizes that the amount agreed to for each of the future years is below that requested by the Executive and therefore is to be regarded as a floor rather than a ceiling. If the program proves itself and additional funds are considered necessary for the attainment of our foreign policy objectives, Congress will entertain a request for such authority and appropriations. In justifying any such request the Executive will also need to justify in detail before the Committee on Foreign Affairs its use of the funds theretofore authorized. It is understood that the conferees regard the language in the bill as authority for the Executive to make commitments which will be honored by the Congress unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities.

The requirement that the authorizing committees as well as the Appropriations Committees of the House and Senate be informed of the details of each agreement involving the loan of funds not yet appropriated assures that the authorizing as well as the Appropriations Committees will be kept currently informed and have an opportunity to revise and adjust the program in the light of future developments through the normal legislative procedures.

LIMITATION ON OBLIGATION AUTHORITY AND REQUIREMENT FOR GOVERNMENT CORPORATION CONTROL ACT BUDGETS

The managers on the part of the House agreed to the elimination of subsection 203(b) which established limits on obligation authority and to subsection 203(c) requiring annual submission of a budget in accordance with provisions of the Government Corporation Control Act. In view of the fact that these subsections had been included in the House amendment as applicable to development loans to be financed by means of Treasury borrowing, the elimination by the committee of conference of financing by Treasury borrowing made these subsections inapplicable.

SENATE CONFIRMATION FOR MEMBERS OF DEVELOPMENT LOAN COMMITTEE (SEC. 204)

Section 205(a) of the Senate bill provided that officers appointed to the Development Loan Committee should be confirmed by the Senate, except in cases where confirmation of the appointment of such officers to perform comparable functions had already taken place. The House amendment contained no provision on this subject.

The managers on the part of the House accepted the Senate provision in the belief that this requirement will tend to improve the administration of the development loan program.

LOANS TO INTERNATIONAL DEVELOPMENT ASSOCIATION (SEC. 205)

Section 206 of the Senate bill authorized the President to lend up to 10 percent of the development loan funds to the International Development Association (IDA). The House amendment contained no comparable provision.

Information available to the managers on the part of the House indicated that under the existing authority of the International Development Association Act (Public Law 86-565, 74 Stat. 293) borrowing of development loan funds was not authorized but that such borrowing had been contemplated by the Executive and the Congress when the International Development Association was established. The managers on the part of the House, therefore, accepted the Senate provision with a clarifying amendment that such loans are to be made "in accordance with the provisions of this title" of the Act for International Development.

DEVELOPMENT GRANTS AND TECHNICAL COOPERATION (TITLE II,
SEC. 211)

The title of title II in the Senate bill was "Development Grants and Technical Cooperation"; the title of title II in the House amendment was simply "Development Grants."

Section 211, General Authority, under the House title, authorized the furnishing of assistance to promote "technical" as well as "economic development."

Section 211, General Authority, of the Senate bill authorized the furnishing of assistance "through such means as programs of technical cooperation."

The managers on the part of the House accepted the Senate title and a compromise which retained the specific reference to "technical" development contained in the House amendment. In accepting this compromise, the committee of conference recognized that "technical" development is an intermediate step between technical cooperation and economic development, and should be emphasized as an essential element in the promotion of the development of the productive capacities of the less-developed countries.

FAIR SHARE CRITERION (SEC. 211(a)(4))

Section 211(a) of the Senate bill added the willingness of the recipient country "to pay a fair share of the cost" of development grant programs to the considerations which the President must take into account in furnishing development grant assistance. The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate requirement that the President take into account the recipient country's willingness "to pay a fair share of the cost of programs" under the development grant program as contributing to the success of the program. Similar language was included in the existing section 303 of the Mutual Security Act.

EMPHASIS ON HUMAN RESOURCES DEVELOPMENT (SEC. 211(b))

Section 211(b) of the Senate bill provided that in countries in the earlier stages of economic development, programs of development of education and of human resources through such means as technical cooperation should be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources should be given a lower priority until the requisite knowledge and skills have been developed. The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. They were in complete agreement that it is essential that human resources be developed before major capital projects can be fully effective. It is the understanding of the committee of conference that the limitation in this section does not inhibit such programs for the development of human resources as school construction and malaria eradication which go beyond the scope of technical cooperation or commodity programs designed to generate local currency to carry out human resources development projects.

It is also understood that although capital projects outside the field of human resources development in countries in the earlier stages of development should be given a lower priority for development grant financing, such capital projects are not altogether prohibited.

ASSISTANCE TO AMERICAN-SPONSORED HOSPITALS ABROAD (SEC. 214(a))

Section 214(a) of the House amendment provided that development grant funds could be used for assistance to American-sponsored hospitals abroad. The Senate bill contained no comparable provision.

The managers on the part of the House agreed to the deletion of the reference to hospitals included in the House amendment. They are convinced that in view of the fact that there are over 1,000 American hospitals abroad and that their needs and their relative importance in furthering U.S. foreign policy objectives have not been adequately studied and evaluated, the authorization of assistance to such hospitals is premature.

POLISH CEMETERIES IN ITALY

Section 214(c) of the House amendment authorized the use of U.S.-owned local currencies to repair and maintain cemeteries in Italy for members of the Polish Armed Forces who died in combat in Italy during World War II. The Senate bill contained no comparable provision.

The committee of conference is in sympathy with the objective of this provision but concluded that an authorization for the use of foreign currencies for this purpose should not be approved until certain aspects have been explored.

It is believed that the United States should not undertake the repair, rehabilitation, improvement, and maintenance of cemeteries in Italy on a strictly unilateral basis but rather that any arrangement relating to the Polish cemeteries in Italy should be on a joint basis with cooperation and some assumption of responsibility by the Government of Italy.

The information available to the committee of conference indicates that the supply of Italian currency available to the United States in

Italy is not, nor is it contemplated to be in the foreseeable future, sufficient to meet required U.S. expenditures in that country. Such expenditures of Italian currency include those necessitated by the presence of U.S. military personnel in that country.

It is agreed that the chairman of the Committee on Foreign Relations and the chairman of the Committee on Foreign Affairs should communicate jointly with the Secretary of State, requesting him to study and report on the cost of maintenance of the Polish cemeteries in Italy, the extent to which the Government of Italy would cooperate, and the availability of U.S.-owned currencies to finance such a project.

LOANS TO SMALL FARMERS (SEC. 215)

Section 215 of the House amendment expressed the policy of the United States to provide assistance through loans of foreign currencies to small farmers. The Senate bill did not include a comparable provision.

The provision of the House amendment is retained, except that the allowed aggregate unpaid balance of all loans under this section to be permitted at any one time is reduced from \$25,000,000 to \$10,000,000. This restriction will not affect loans made under other authorities in the bill or in other acts.

RESTRICTION ON ELIGIBILITY OF COUNTRIES FOR VOLUNTARY RELIEF ASSISTANCE (SEC. 216(a))

Section 216(a) of the House amendment restricted the authorization to use development grant funds to pay transportation costs of shipments by voluntary relief agencies to countries and areas eligible for assistance under the bill. Section 215(a) of the Senate bill did not contain this restriction.

The managers on the part of the House accepted the argument that a distinction should be drawn between the attitude of the people of countries toward the United States and the attitude of the government of such countries. Consequently, the phrase "of friendly peoples" was substituted for the words "in countries and areas eligible for assistance under this Act" contained in the House bill.

INVESTORS ELIGIBLE FOR INVESTMENT GUARANTIES (SEC. 221(b))

Section 221(b) of the House amendment authorized issuance of guaranties to U.S. citizens, corporations, and associations. Section 221(b) of the Senate bill restricted issuance of guaranties to business entities which were both U.S. chartered and substantially beneficially U.S. owned, including any wholly owned foreign subsidiaries of such entities.

The Managers on the part of the House accepted the Senate provision in substance with a clarifying amendment which substitutes the phrase "as well as" for the word "including." It is believed that this provision will increase the effectiveness of the investment guaranty program while conforming to the basic concept of the House amendment.

INVESTMENT GUARANTY PROTECTION AGAINST WAR AND OTHER RISKS
(SEC. 221(b)(1)(c))

Section 221(b)(1)(C) of the House amendment authorized protection against loss due to war, revolution, or insurrection, or any governmental sanction imposed against the project country government which materially adversely affects the continued operation of the project.

Section 221(b)(1)(C) of the Senate bill authorized protection against loss due to war only.

The managers on the part of the House accepted a compromise, limiting the protection to loss due to war, revolution, or insurrection.

ALL RISK GUARANTIES (SEC. 221(b)(2))

Section 221(b)(2) of the Senate bill dealing with all risk guaranties authorized coverage, not to exceed 75 percent, against loss of any investment, except for normal business-type risks in the case of equity investments.

The Senate bill further provided that these all-risk guaranties should emphasize economic development projects furthering social progress and the development of small independent business enterprises; that no guaranty should exceed \$10,000,000; and that the face amount of these guaranties under this authority should not exceed \$85 million at any one time.

The House amendment authorized the issuance of guaranties up to the face amount of \$100 million against loss of investment from any cause other than fraud or misconduct on the part of the investor.

The managers on the part of the House accepted the Senate requirements providing that the guaranties shall not exceed 75 percent of the investment or \$10 million and shall emphasize social progress and small business. It is understood that such emphasis does not preclude the issuance of all-risk guaranties in connection with other investments, so long as sufficient authority is reserved to meet reasonably foreseeable needs for the preferred categories of investment.

A clarifying amendment was made to the House provision against payments for losses arising out of fraud or misconduct. The words "for which the investor is responsible" were substituted for the words "on the part of the investor" to make it clear the exception refers solely to the investor.

The managers on the part of the House accepted a compromise of \$90 million for the total face amount of all-risk guaranties that can be outstanding at any one time.

DATE OF VALUATION OF INVESTMENT (SEC. 221(c))

Section 221(c) of the Senate bill specified that the date as of which the investment is to be valued for purposes of determining the amount of guaranty coverage shall be the date of the investment. The House amendment did not contain the more specific Senate requirement.

The managers on the part of the House accepted the Senate version as being more specific and less subject to misinterpretation.

DEFINITION OF EXPROPRIATION (SEC. 223(b))

Section 223(b) of the House amendment defined, in part, expropriation. The House conferees accepted an amendment to emphasize that the definition of the term "expropriation", as contained in the House amendment, is not limited to the unexcused breach by a host government of its contractual arrangements with an investor. This change is not necessarily intended to mean that where "includes" is used elsewhere in the Act unqualifiedly, it is a term of limitation.

PILOT HOUSING IN LATIN AMERICA (SEC. 224)

Section 224 of the Senate bill authorized the issuance of guaranties of a face value not exceeding \$15,000,000 against the risks of loss specified in section 221(b)(2). The guaranties authorized would cover investments made by U.S. citizens or business entities which are both U.S. chartered and substantially beneficially U.S. owned in pilot or demonstration private housing projects in Latin America similar to those issued by the Federal Housing Administration and suitable for conditions in Latin America. The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision with a limitation of \$10,000,000 on the total face amount of guaranties that may be outstanding at any one time.

The committee of conference understands that the \$10,000,000 of guaranty issuing authority may be used to assure against loss of investment due to any of the risks specified in section 221(b)(2) and subject to the 75 percent and fraud or misconduct limitations provided in that section. Under that section (221(b)(2)) guaranties not to exceed 75 percent may be issued against loss of investment from any cause, except loss arising out of fraud or misconduct for which the investor is responsible. The section further limits to \$10,000,000 the amount of any one guaranty.

SURVEYS OF INVESTMENT OPPORTUNITIES (SEC. 233(a))

Definition of persons

Section 233(a) of the House amendment authorized participation in financing of surveys conducted by U.S. citizens or business entities in which the majority beneficial interest is held by U.S. citizens. Section 233(a) of the Senate bill required in addition that the business entities be U.S. chartered.

The committee of conference accepted the House provision in substance changing the phrase "the majority beneficial interest is held by U.S. citizens" to "substantially beneficially owned by U.S. citizens" in the belief that they were substantially identical.

AUTHORIZATION FOR SUPPORTING ASSISTANCE (SEC. 402)

Section 402 of the House amendment authorized an appropriation of \$481,000,000 for supporting assistance. Section 402 of the Senate bill authorized an appropriation of \$450,000,000 for this purpose.

The committee of conference agreed on a figure of \$465,000,000—a reduction of \$16,000,000 below the authorization approved by the

House and an increase of \$15,000,000 above the authorization approved by the Senate.

ASSISTANCE TO NATIONS HAVING AGRARIAN ECONOMIES (SEC. 461)

Section 461 of the House amendment contained two subsections. Subsection (a) stated it to be the policy of the United States to secure a better and fuller life for the peoples of underdeveloped countries and to meet the needs of those who are undergoing a revolution of rising expectations. Subsection (b) required that in countries whose economies are in major part agrarian, at least 50 percent of all nonmilitary assistance in each fiscal year be furnished through programs which directly or indirectly reach the people engaged in agrarian pursuits in such countries.

The Senate bill contained no comparable provisions.

The committee of conference agreed to a compromise. Subsection (a) was eliminated and the language of subsection (b) was modified to provide that the President shall place emphasis upon programs reaching the people who are engaged in agrarian pursuits rather than the requirement that at least 50 percent by dollar value of nonmilitary assistance to such countries should benefit people engaged in agrarian pursuits.

STATEMENT OF POLICY ON MILITARY ASSISTANCE (SEC. 502)

Section 502 of the House amendment and section 502 of the Senate bill contained statements of policy with respect to military assistance. They differed in emphasis and in content.

The committee of conference accepted the House language but added a provision of the Senate bill, expressing the sense of the Congress that an important contribution toward peace will be made by the establishment under the Organization of American States of an international military force.

AUTHORIZATION FOR MILITARY ASSISTANCE (SEC. 504)

Section 504 of the House amendment authorized an appropriation of \$1,800,000,000 for military assistance for fiscal year 1962 and an appropriation of such sums as may be necessary for fiscal year 1963.

Section 504(a) of the Senate bill authorized an appropriation of \$1,550,000,000 for military assistance for each of the fiscal years 1962 and 1963.

The managers on the part of the House accepted a compromise, authorizing \$1,700,000,000 for each of the fiscal years 1962 and 1963.

COMPETITION OF MILITARY ASSISTANCE WITH OTHER DEFENSE PROGRAMS
(SEC. 504(b))

Section 504(b) of the Senate bill required the President to adopt procedures for programing and budgeting which would bring military assistance programs into competition for financial support with other activities and programs of the Department of Defense. The House amendment did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision, which is similar to language contained in section 103(a) of the

Mutual Security Act of 1954, in the belief that this requirement will assure a more rigid scrutiny of military assistance programs by the Secretary of Defense and our senior military officers.

CONDITIONS OF ELIGIBILITY FOR MILITARY ASSISTANCE (SEC. 506(a))

Section 506(a) of the House amendment required that neither defense articles nor defense services (which included training) should be furnished to any country unless it agreed to specified conditions. In addition, section 506(b) required the President to make certain determinations concerning the recipient country.

Section 506 of the Senate bill required that agreement be obtained to specified undertakings only as to defense articles furnished on a grant basis.

The committee of conference accepted the conditions specified in the House language but do not require these conditions when defense services are furnished and make them applicable only when defense articles are furnished on a grant basis.

The \$1,000,000 limitation in the House amendment on the amount of assistance to be authorized for any country unless the President determines that such assistance will be utilized by such country for the maintenance of the defensive strength of the free world is increased to \$3,000,000.

AUTHORITY TO DRAW DEFENSE ARTICLES FROM DEFENSE DEPARTMENT STOCKS (SEC. 510(a))

Section 510(a) of the House amendment authorized the President to order defense articles from stocks of the Department of Defense when he determines it to be vital to the security of the United States in the amount of \$400,000,000 in fiscal year 1962.

Section 510(a) of the Senate bill authorized such drawdown authority in the amount of \$200,000,000 in any fiscal year.

The language of the House amendment is retained, except that the dollar limitation is reduced to \$300,000,000—an amount \$100,000,000 less than the figure in the House bill and \$100,000,000 more than the figure in the Senate bill.

CEILING ON MILITARY ASSISTANCE TO LATIN AMERICA (SEC. 511(a))

Section 511(a) of the House amendment placed a \$60,000,000 ceiling on grants of defense articles for Latin American Republics for any fiscal year beginning with fiscal year 1962. Section 511(a) of the Senate bill placed a \$55,000,000 ceiling on such grants.

The committee of conference agreed to a compromise limitation of \$57,500,000—a reduction of \$2,500,000 below the House ceiling and an increase of \$2,500,000 above the Senate ceiling.

REPORTS ON MILITARY ASSISTANCE TO LATIN AMERICA FOR INTERNAL SECURITY (SEC. 511(b))

Section 511(b) of the House amendment provided that internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs for the American Republics.

Section 511(b) of the Senate bill was the same, but provided that the President should promptly report such determinations to the Senate Foreign Relations Committee and the Speaker of the House of Representatives.

The managers on the part of the House accepted the Senate requirement for the reporting of such Presidential determinations.

COOPERATIVES AND CREDIT UNIONS (SEC. 601(a))

Section 601(a) of the Senate bill enumerated a number of purposes, including the encouragement of the development and use of cooperatives, credit unions, and savings and loan associations, and supported the exchange of ideas and technical information on matters covered only by subsection (a) of section 601.

Section 601(a) of the House amendment omitted any reference to cooperatives, credit unions, and savings and loan associations, but was otherwise identical to the language of the Senate bill.

The managers on the part of the House accepted the Senate provision in the belief that the encouragement of the development of cooperatives, credit unions, and savings and loan associations was consistent with the objectives of the assistance program and would improve its effectiveness.

OFFICE OF SMALL BUSINESS (SEC. 602 (b) AND (c))

Section 602 (b) and (c) of the Senate bill provided that an Office of Small Business, headed by a Special Assistant for Small Business, should be established in the AID agency, and that the Secretary of Defense should provide procurement information on military assistance purchases to small, independent enterprises as far in advance as possible.

The House amendment did not include comparable provisions.

The managers on the part of the House accepted these provisions of the Senate bill, which are contained in the existing Mutual Security Act, in the belief that they will improve the effectiveness of the efforts of the Agency for International Development (AID) and the Defense Department to assist American small business to participate in the furnishing of commodities and services financed with funds made available under the foreign assistance program.

OFFSHORE PROCUREMENT (SEC. 604(a))

Section 604(a) of the House amendment set forth criteria for procurement outside the United States. Section 604(a) of the Senate bill added to the criteria in the House amendment a provision permitting offshore procurement "only if the price of the commodity procured is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment."

The managers on the part of the House agreed to a compromise in the Senate language, substituting for the words "the commodity procured" the words "any commodity procured in bulk." It is the understanding of the committee of conference that this compromise language will require procurement in the United States in situations where identical bids are received from a U.S. and a foreign bidder,

and that this limitation will not prohibit procurement outside the United States of commodities not available in the United States.

USE OF BARTERED COMMODITIES (SEC. 605(b))

Section 605(b) of the House amendment provided that commodities received as repayment for assistance may be used in furtherance of the purposes of the Act and in accordance with the provisions of the Act applicable to the furnishing of such assistance.

Section 605(b) of the Senate bill was the same but omitted the phrase "in accordance with the provisions of the Act applicable to the furnishing of such assistance."

The managers on the part of the House accepted a compromise in which the final clause is modified to read "such commodities may be used in furtherance of the purposes and within the limitations of this Act" as being clearer.

PROCUREMENT OF PHARMACEUTICALS (SEC. 606(c))

Section 606(c) of the House amendment prohibited expenditures by the U.S. Government of any funds under the bill for the acquisition of pharmaceutical products manufactured outside the United States if the product is covered by a valid U.S. patent without license of the owner thereof. The Senate bill contained no comparable provision.

The committee of conference retained the provision of the House amendment with a clarifying amendment and provided that, in lieu of requiring a license from the owner of the patent, the manufacture outside the United States shall be expressly authorized by the owner of the patent.

It is the understanding of the committee of conference that it is the intent of this amendment that it apply only to procurement by the U.S. Government, as indicated by its sponsor during its consideration by the House.

ACQUISITION OF DOMESTIC EXCESS PROPERTY (SEC. 608(b))

Section 608(b) of the Senate bill provided that, with an exception for domestic excess property acquired in any fiscal year with a total acquisition cost not exceeding \$50,000,000 which may be used pursuant to part I, no such property shall be acquired unless (1) it is acquired for use exclusively by a U.S. agency or (2) it is determined that such property is not needed for donation pursuant to section 203(j) of the Federal Property and Administrative Services Act.

The House amendment contained a similar limitation, except that an amount not exceeding \$35,000,000 was provided.

The committee of conference agreed on \$45,000,000 as the dollar limitation for the purposes of section 608(b).

COUNTERPART (SEC. 609)

Section 403 of the House amendment required that whenever commodities were furnished on a grant basis under arrangements which resulted in the accrual of proceeds to the recipient government from the import and sale thereof, the recipient government should agree to deposit the equivalent of such proceeds in a special account and make

available to the United States such portion as the United States determined to be necessary for U.S. requirements. No provision was made for the disposition of the remainder of the counterpart other than the requirement that the President take appropriate measures to assure the use of counterpart.

Section 609 of the Senate bill was similar to the House amendment, except that it authorized the President to decide whether or not to require counterpart deposits in any particular case; or, in the event counterpart was required, it provided that the balance of counterpart after U.S. requirements were met should be used for mutually agreed purposes for which new funds authorized by the bill would themselves be available.

The managers on the part of the House accepted a compromise. In general, the Senate language was approved, except that the discretion given the President under the Senate bill to decide whether or not to require counterpart deposits is eliminated and the requirement of counterpart deposits is made mandatory. It is agreed also that instead of requiring the deposit of proceeds of "import or sales," the deposit of sales proceeds only is necessary. This is to avoid difficulties in connection with the collection of the counterpart equivalent of import duties collected by the recipient country. In addition, the language of the provision was modified to make clear that the counterpart requirement applied only to transactions under supporting assistance.

In accepting the Senate language limiting the deposit of counterpart to supporting assistance (ch. 4 of pt. I), the managers on the part of the House made clear their understanding that foreign currencies could and should be deposited when commodities are made available for sale by recipient countries under development grants (title II of ch. 1), except in unusual situations.

USE OF FOREIGN CURRENCIES (SEC 612)

Section 611 of the House amendment authorized the use of certain local currencies derived from the nonmilitary assistance program but limited the use of such currencies to those which have been determined to be in excess of U.S. Government requirements and which are authorized for use in appropriation acts.

Section 612 of the Senate bill provided the same authority but did not require appropriation action and, in addition, provided a priority to reservation of foreign currencies for educational exchange programs.

The managers on the part of the House agreed to a compromise which retained the priority to reservation of foreign currencies for educational exchange programs contained in the Senate bill. Otherwise, the provisions of the House amendment were accepted, including the requirement that foreign currencies might be used in such amounts as "may be specified from time to time in appropriation acts."

ACCOUNTING OF FOREIGN CURRENCIES (SEC. 613)

Section 613 of the Senate bill established new rates and criteria for accounting and reporting procedures regarding foreign currencies owed to or owned by the United States.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision with amendments.

Subsection (a) was amended to read "for evaluation and central accounting" in the place of "for accounting and evaluation." This change delineates the Treasury responsibility for central accounting so that there will be no conflict with other agencies having responsibilities in this field, such as the General Accounting Office and the Bureau of the Budget. Under this subsection, the Treasury will have the responsibility for bringing together from the accounting operations of the various agencies the data necessary to prepare periodic overall accounting reports for submission to Congress on a uniform basis. This also makes clear that valuation would be a Treasury responsibility insofar as determining the exchange rates at which local currencies will be converted into dollars in the reports.

In subsection (b) the word "reported" was substituted for "used." This change makes it clear that with regard to valuation of currencies the provision refers to the valuation used in the preparation of the reports since this is generally the only relevant use of such valuations.

In subsection (c), immediately after the phrase "foreign currencies," the words "acquired without payment of dollars" were inserted. This change is designed to avoid the implication that foreign currency reports should include currencies which have been purchased by agencies for dollars to meet their current expenditures abroad and which are included in their dollar accountability.

COORDINATION WITH OTHER COUNTRIES

Section 615 of the House amendment required the President to provide for the coordination of programs of assistance with programs of assistance carried out by other foreign countries and international organizations.

The Senate bill contained no comparable provision.

The managers on the part of the House accepted the Senate position in recognition of the emphasis given to coordination both in section 622, coordination of foreign policy, and in the reorganization of the administration of economic assistance.

PRINCIPLES OF THE ACT OF BOGOTÁ (SEC. 618)

Section 616 of the House amendment required that economic assistance to Latin America pursuant to chapter 2 of part I (Development Assistance) be furnished in accordance with the principles of the Act of Bogotá. It also contained the requirement that the President shall, when requested by a foreign nation and appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land with the view to insuring a wider and more equitable distribution of the ownership of land.

The Senate bill (sec. 618) contained the same requirement but did not provide for assistance in fostering measures of agrarian reform.

The managers on the part of the House accepted a clarifying amendment offered by the Senate. "Title I and II" was inserted before chapter 2 of part I in order to make clear that the requirement was intended to apply only to development loans and grants. Chapter 2 of part I also includes investment guaranties and investment surveys

which might be used for assistance to Latin America but to which the principles of the Act of Bogotá are not fully relevant.

EMPHASIS ON MULTILATERAL ASSISTANCE (SEC. 619)

Section 619 of the Senate bill provided that assistance under part I to any independent countries should, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. The committee of conference also believes that the new AID agency should make the fullest practicable use of the services of experts and technical personnel of existing international organizations such as International Bank for Reconstruction and Development and the International Monetary Fund. Such personnel can be of considerable assistance in investigating and developing the details of self-help measures, such as fiscal and monetary reform, which should be undertaken by recipient countries as an essential condition of long-term assistance. These are intended to be suggestive and not definitive of the sources from which technical personnel should be drawn.

ASSISTANCE TO AND TRADE WITH CUBA (SEC. 620(a))

Section 618 of the House amendment provided that no assistance would be furnished to the present Government of Cuba; the President is authorized to establish and maintain a total embargo on trade by the United States and Cuba; and the furnishing of assistance to any country which furnished assistance to the present Government of Cuba was prohibited, unless the President determined such assistance was in the national and hemispheric interests of the United States.

The Senate bill retained section 552 of the Mutual Security Act of 1954, as amended, which provided simply that no assistance should be furnished to Cuba under this Act after the date of enactment of the Mutual Security Act of 1960 unless the President determined that the assistance was in the national and hemispheric interests of the United States.

The managers on the part of the House receded from the requirement that no assistance should be furnished any country which furnished assistance to the present Government of Cuba, recognizing that a finding based upon national interest and hemispheric interests could be conflicting. It might well be that to continue assistance to a country outside the Western Hemisphere would be in the national interest but would not involve the hemispheric interest. Therefore, the Senate position regarding the elimination of this requirement was accepted.

ASSISTANCE TO COMMUNIST COUNTRIES (SEC. 620(b))

Section 619(a) of the House amendment provided that no assistance should be furnished to any country or area dominated or controlled by the international Communist conspiracy and enumerated 17 countries, including Poland and Yugoslavia.

Section 620(a) of the Senate bill provided that no assistance should be furnished to the government of any country unless the President

determined that such country was not dominated or controlled by the international Communist movement.

The managers on the part of the House accepted the Senate provision which does not enumerate specific countries. The language agreed to clearly expresses the requirement that no assistance shall be furnished to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement. It is believed that the Executive should be given full responsibility for determining whether or not any country is dominated or controlled by the international Communist movement and should be required to maintain continuous vigilance with respect to this matter and make adjustments in its policy whenever necessary. Consideration was given to the possibility that the enumeration of specific countries might relieve the Executive of a certain amount of responsibility and might make the Executive less zealous in including additional governments in the list when changes occurred altering their relationship to the Soviet Union.

The managers on the part of the House accepted the provision of section 642 of the Senate bill which continues in effect section 143 of the existing Mutual Security Act requiring specified assurances as a condition of assistance to Yugoslavia.

PROHIBITION AGAINST ASSISTANCE TO COUNTRIES IN DEBT TO U.S.
CITIZENS (SEC. 620(c))

Section 620(b) of the Senate bill prohibits assistance to the government of any country which is indebted to any U.S. citizen who has exhausted legal remedies and which debt is not denied or contested by such government.

The House amendment contained no provision on this subject.

The managers on the part of the House accepted the Senate provision with a clarifying amendment. The phrase "for goods or services furnished" was added to make clear that the debt must be for goods and services as distinguished from government bonds or similar obligations which may be in default.

RESTRICTION ON ASSISTANCE TO PRODUCTIVE ENTERPRISE (SEC. 620(d))

Section 619(b) of the House amendment prohibited assistance under part I of the bill for construction or operation of any productive enterprise unless the country agreed that it would prevent the exportation to the United States of more than 10 percent of the annual production of such facility during the life of the loan. It authorized the President to establish import controls in the event of the failure of the country to implement such agreement and prohibited waiver of this subsection except where the President determined such waiver to be in the national interest.

The Senate bill did not contain a comparable provision.

The committee of conference accepted the House language with the following amendments:

First, the application of this provision is specifically limited to assistance provided in the form of development loans rather than to all economic assistance under part I of the bill.

Second, instead of making the limitation applicable to assistance for construction or operation of any productive enterprise, it was made applicable only to productive enterprises "where such enter-

prise will compete with U.S. enterprise", that is, to situations where the product of the enterprise being assisted will compete in the U.S. market directly with the product of the United States.

Third, the limitation on export for use or consumption in the United States of 10 percent of the annual production of the foreign facility was raised to 20 percent.

The language of the final sentence was modified to make it positive rather than negative without changing its meaning. The agreed language of this sentence is—

The restrictions imposed by or pursuant to this section may be waived by the President where he determines that such waiver is in the national security interest.

The House conferees accepted the Senate provision with a clarifying amendment. The phrase "for goods or services furnished" was added to make clear that the debt must be for goods and services as distinguished from government bonds which may be in default.

USE OF OTHER U.S. AGENCIES (SEC. 621(a))

Section 621(a) of the Senate bill included a sentence which provided that in providing technical assistance under this Act in four specific fields, the AID agency should utilize, to the fullest extent practicable, facilities and resources of appropriate U.S. Government agencies.

The House amendment did not contain a comparable provision.

The managers on the part of the House were in agreement with the objective of the Senate provision which is intended to prevent duplication by the AID agency of facilities already in existence under other U.S. departments or agencies. They accepted the provision of the Senate bill with an amendment broadening its application to other fields than those specifically enumerated in the Senate bill.

ABOLITION OF DEVELOPMENT LOAN FUND (SEC. 621(c))

Section 621(c) of the Senate bill, which related to the abolition of the Development Loan Fund, provided that the President should accept and assume the assets, obligations, and liabilities of, and rights established or acquired for the benefit of, or with respect to, the Development Loan Fund. In addition, it required that all personnel of the Development Loan Fund should be transferred to the new AID agency, and called for a final report on the Development Loan Fund within 90 days after the date of transfer.

Section 621(c) of the House amendment which dealt with the same matter, provided that the President should accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Development Loan Fund. In addition, it provided for the transfer of such personnel as might be necessary, and omitted any requirement for a final report of the Development Loan Fund.

The committee of conference accepted the language of the House amendment, except that the requirement for a final report of the operations and condition of the Development Loan Fund contained in the Senate bill was agreed to. The committee of conference agreed also to revised language to make clear that only such DLF personnel should be transferred to the AID agency as might be necessary. This

provision will facilitate the ability of the AID Administrator to weed out those employees who are not deemed adequate to the important tasks of the Agency, without requiring a wholesale replacement of personnel.

ABOLITION OF THE INTERNATIONAL COOPERATION ADMINISTRATION
(SEC. 621(d))

Section 621(d) of the Senate bill, which related to the abolition of the International Cooperation Administration, required that all personnel of the ICA should be transferred to the new AID agency.

Section 621(d) of the House amendment, which dealt with the same matter, provided for the transfer of such personnel as might be necessary.

The managers on the part of the House agreed to a modification of the language of the House amendment to eliminate any possible misinterpretation of the language of the House bill and to make clear that only such ICA personnel should be transferred to the new agency as were determined by the President to be necessary. This provision will facilitate the ability of the AID Administrator to weed out those employees who are not deemed adequate to the important tasks of the Agency, without requiring a wholesale replacement of personnel.

COORDINATION OF FOREIGN POLICY (SEC. 622)

Section 622 of the Senate bill contained three subsections.

Subsection (a) provided that nothing in the act should be construed to infringe upon the powers or functions of the Secretary of State.

Subsection (b) required the President to prescribe appropriate procedures to assure coordination among U.S. representatives in each country under the leadership of the ambassador.

Subsection (c) provided that the Secretary of State should be responsible for the continuous supervision and general direction of assistance programs under the Act.

The House amendment did not contain a comparable provision.

The managers on the part of the House accepted this provision of the Senate bill in the belief that this assignment of responsibility in the legislation would eliminate uncertainty and clarify lines of authority. This provision is identical to section 523 (a), (b), and (c) of the existing Mutual Security Act.

RESPONSIBILITY OF SECRETARY OF DEFENSE (SEC. 623)

Section 623 of the Senate bill vested in the Secretary of Defense a number of responsibilities relating to the administration of the military assistance program. The House amendment did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision as providing assurance that there will be no confusion as to the functions and responsibilities of the Secretaries of State and Defense with respect to the administration of the military assistance program. The language of this section is identical to that of section 524 of the existing Mutual Security Act.

INSPECTOR GENERAL (SEC. 624(c))

Section 622(e) of the House amendment provided for an Inspector General, Foreign Assistance, in the Department of State with broad authority with respect to the two programs of economic and military assistance, Peace Corps programs, and programs of assistance under Public Law 480.

Section 642(a)(2) of the Senate bill continued unrepealed section 533A of the Mutual Security Act which provided for the present Inspector General and Comptroller.

The committee of conference accepted the provisions of the House amendment with the following amendments:

(1) The House amendment had provided for three Assistant Inspectors General, one of whom was to be responsible for inspection of engineering, construction, and operations and to be qualified as a professional engineer. In view of the fact that the committee of conference agreed (sec. 624) that the President in his appointment of the nine statutory officers having the rank of Assistant Secretary shall give due consideration to persons qualified as professional engineers, the managers on the part of the House agreed to the elimination of the engineering Assistant Inspector General and accepted provision for only two Assistant Inspectors General.

2. Paragraph (6) was amended to make clear that the authority of the Inspector General to suspend all or any part of any project or operation does not include authority to suspend a country program. The intent of the language of the House amendment had been made clear in the committee report, which stated:

The terms "project or operation" are not intended to include an entire program in a country. They apply instead to segments or phases of country programs, including such things as construction projects, award of contracts, the operation of a regional office, or the financing of particular types of activity.

Section 622(e)(7) of the House amendment contained a proviso which prohibited charging the expenses of the Inspector General against appropriations to carry out military and nonmilitary assistance programs and Peace Corps programs after the expiration of 35 days from the date on which any appropriate committee of the Congress, or the General Accounting Office, delivered a written request to the Secretary of State's office that it furnish any document or other material relating to the operation or activities of the Inspector General unless and until such material was furnished.

This provision of the House amendment was retained, except that language was added permitting such information to be denied upon a personal certification by the President that he has forbidden the furnishing of such information and giving his reason for so doing.

The managers on the part of the House accepted this requirement of a personal certification by the President in the belief that the President should personally review any denial of information requested under this authority and give personal assurance that information relating to waste, inefficiency, or wrongdoing in the operation of the foreign assistance program is not being withheld from the Congress.

The managers on the part of the House considered the possibility that if this modification of the House provision was not accepted, a

refusal of information to the Congress by the Secretary of State or the President would have the effect of putting the Inspector General out of business while permitting the rest of the foreign assistance program to go forward.

The committee of conference recognized that the Inspector General, Foreign Assistance, is assigned major responsibilities under this legislation and is given broad authority for discharging his responsibilities. Finding personnel qualified to perform the necessary functions will inevitably be difficult. The quality of the personnel selected will determine the success of the Inspector General's efforts. Because of the magnitude and diversity of U.S. foreign assistance operations, it is recognized that it will be impossible to maintain a permanent staff which includes the variety of specialists necessary to analyze and evaluate all aspects of foreign assistance operations. In order to meet this situation, it is the understanding of the committee of conference that the Inspector General will be able under the authority of the act to contract for the services of engineers, analysts, and other technicians when necessary.

PROFESSIONAL ENGINEERS (SEC. 624(a)(3))

Section 624(a)(3) of the Senate bill provided for nine Assistant Administrators in the AID agency and further provided that one should be the head of the Office of the Development Loan Fund and that in his selection, due consideration should be given to persons qualified as professional engineers.

The managers on the part of the House accepted the Senate provision dealing with professional engineers.

SUPERGRADE POSITIONS (SEC. 625 (b) AND (c))

Section 625(b) of the Senate bill authorized the employment in the United States of 85 individuals to carry out economic assistance and to coordinate economic and military assistance. Such individuals could be appointed, compensated, or removed without regard to the provisions of any law. Of that number 60 could be supergrades of whom 10 could be paid not more than \$19,000. The Senate bill also provided in section 625(c) that 12 additional individuals might be compensated at supergrade rates to carry out military assistance programs. Of these 12, three might be paid not more than \$19,000. In summary, the Senate bill authorized 72 supergrade positions of which 13 could carry compensation up to \$19,000.

Section 623(b) of the House amendment authorized 70 individuals to carry out all parts of the bill—economic and military—who could be appointed, compensated, or removed without regard to the provisions of law. Of that number 45 could be supergrades. Not more than 15 of the latter could be paid up to \$19,000.

The managers on the part of the House retained the Senate language that separated personnel employed to administer economic assistance and to coordinate military and economic programs from those employed to administer military assistance. They agreed that 76 of these individuals may be employed to administer economic assistance and coordinate economic and military assistance. These may be appointed, compensated, or removed without regard to the provisions of any law. Of the 76, 51 may be compensated at supergrade rates

of whom 8 may receive up to \$19,000. In connection with the administration of the military assistance program the committee of conference agreed that eight may receive supergrade salaries of whom three may receive up to \$19,000. In summary, the committee of conference agreed to 59 supergrade positions of which 11 may carry compensation of not more than \$19,000.

SELECTION OUT (SEC. 625(e))

Section 625(e) of the Senate bill authorized a selection-out procedure subject to an appropriate administrative appeal of personnel appointed and assigned to the AID program pursuant to the authority contained in the Foreign Service Act of 1946 as amended. The House amendment contained identical language for selection-out but did not contain the provision for an administrative appeal. It also included a provision that in exercising the selection-out authority no political test shall be taken into consideration and no discrimination shall be made against any person on account of race, creed, or color.

The managers on the part of the House accepted the Senate language that provides for an administrative appeal in the case of those selected out. Since other parts of the bill make applicable the provisions of section 1005 of the Foreign Service Act which prohibits political tests and discrimination based upon race, creed, or color, it was not deemed necessary to include that provision in this subsection. Accordingly the managers on the part of the House accepted the Senate version.

FOREIGN LANGUAGE REQUIREMENT (SEC. 625(g))

Section 625(g) of the Senate bill required that the principles of foreign language competence of section 578 of the Foreign Service Act apply to personnel engaged in assistance programs abroad.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. The committee of conference understands that this requirement is intended to apply only to the principles of section 578 of the Foreign Service Act since special problems exist in the recruitment and assignment of AID agency technicians which do not pertain to Foreign Service officers of the Department of State. The committee of conference expects that the Secretary of State will establish appropriate standards of language competence for AID agency personnel which will be both adequate and realistic.

ACCEPTANCE OF BENEFITS FROM FOREIGN COUNTRIES (SEC. 625(h))

Section 625(h) of the Senate bill provided that, notwithstanding any other provision of law, U.S. officers and employees performing functions under the act should not accept any compensation or any other benefits from any foreign country.

The House amendment did not contain a comparable provision.

The managers on the part of the House accepted this provision of the Senate bill in the belief that it will contribute to a closer control and better administration of the program.

PUBLIC INFORMATION AND REPORTS (SEC. 634(b))

Section 634(b) of the Senate bill provided that in the case of each development loan made, the President shall make public appropriate information about the loan including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

The House amendment contained no comparable requirement. The managers on the part of the House accepted the Senate provision. The committee of conference understands that the provision does not require information to be made public which has been furnished in confidence by borrowers or which would otherwise not be in the best interests of the United States to make public.

CUTOFF OF ASSISTANCE WHEN INFORMATION IS NOT FURNISHED
(SEC. 634(c))

Section 632(c) of the House amendment provided that no funds made available pursuant to the act should be used to carry out any provision of the act in any country or with respect to any project or activity when documents or other material relating to administration of such provision which shall have been requested in writing by congressional committees or the General Accounting Office have not been furnished within 35 days.

Section 634(c) of the Senate bill applied this limitation only to funds made available for nonmilitary assistance and provided an exception to the cutoff of such funds when the President certifies that he has forbidden the furnishing of the material and his reasons for doing so.

The managers of the part of the House accepted a compromise involving two modifications of the language contained in the House amendment. In agreeing to accept the House provision that made this subsection applicable to both military and economic assistance authorized under this act, rather than limiting the application of the subsection to economic assistance alone as was the case in the Senate bill, the managers on the part of the Senate insisted that the information requested by the General Accounting Office or any committee of the Congress could be denied upon a certification by the President that he has forbidden the furnishing of such information and his reason for so doing, and insisted also that written requests for information under the conditions of the subsection could be originated only by the General Accounting Office or a committee of the Congress but not by a duly authorized subcommittee. The committee of conference gave consideration to the position taken by the Department of Justice that serious constitutional questions were raised by the language of the House amendment.

The managers on the part of the House accepted the argument that any duly authorized subcommittee of the Congress would be assured of the backing of its full committee in any request for information of sufficient importance to justify the use of the authority of this subsection.

REPORTS ON PROGRAM CHANGES (SEC. 634(d))

Section 632(d) of the House amendment provided for semiannual reports on all actions taken during the period which differ in various ways from the illustrative programs included in the presentation of the executive branch to the Congress.

Section 634(d) of the Senate bill was the same, except that it provided for annual reports.

The managers on the part of the House accepted the Senate requirement for annual reports with an amendment requiring that such reports should be received by the Congress in January in order that they would be of maximum value in acting on foreign assistance legislation.

FURNISHING OF INFORMATION TO CONGRESS OR THE GENERAL ACCOUNTING OFFICE

Section 632(e) of the House amendment provided that all documents papers, communications, audits, reviews, findings, reports, and other material which relate to the operations or activities of any agency of the U.S. Government administering part I or part II should be furnished to the General Accounting Office or to any committee or subcommittee of the Congress charged with considering legislation or appropriation for, or expenditures of, such agency, upon request.

The Senate bill contained no comparable provision.

The managers on the part of the House agreed to the elimination of this subsection because the language of subsection 632(c) of the bill deals with the same matter in a more effective manner.

EMPHASIS ON LOANS (SEC. 635(a))

Section 635(a) of the Senate bill provided that assistance under the act should emphasize loans rather than grants wherever possible.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision because they favor making assistance available on a loan rather than a grant basis when possible.

GENERAL AUTHORITIES (SEC. 635(b))

Section 633(b) of the House amendment authorized the President to enter into a variety of transactions including loans in furtherance of the purposes and within the limitations of the act.

The comparable section of the Senate bill, section 635(b), did not include a specific reference to loans and did not include the phrase "within the limitations."

The managers on the part of the House accepted a Senate amendment striking out the introductory clause in the House amendment "except as otherwise specifically provided in this Act." This clause was considered redundant in view of the final clause of the same provision which referred to "within the limitations" of the act.

ADMISSION OF ALIEN PARTICIPANTS (SEC. 635(f))

Section 633(f) of the House amendment authorized admission of alien participants if otherwise admissible as nonimmigrants, defined in section 101(a)(15)(H) of the Immigration and Nationality Act, in such categories of paragraph (H) as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

Section 635(e) of the Senate bill authorized the admission of alien participants to the United States, if otherwise qualified as nonimmigrants in section 101(a)(15) (relating to nonresident aliens) of the Immigration and Nationality Act.

The committee of conference accepted the Senate version because there is at present no specific category under section 101(a)(15) which would adequately cover alien participants in the technical assistance program. The Senate version closely parallels section 201(a) of the United States Information and Educational Exchange Act of 1948 which deals with the admission of exchange visitors. There is now pending in the House S. 1154 which recently passed the Senate and a companion measure, H.R. 8666. These would add a new paragraph (J) to section 101(a)(15) of the Immigration and Nationality Act which would specifically cover exchange visitors and participants in programs of technical assistance. Pending enactment of one of these measures or other legislation to add a category to section 101(a)(15) covering admission of alien participants, the Senate version is necessary to provide an adequate basis for the admission of such participants.

DIRECT ACQUISITION OF EQUITY SECURITIES (SEC. 635(g)(8))

Section 635(f)(3) of the Senate bill authorized the President in making loans under the act to acquire any property on such terms and conditions as he may determine with a proviso that equity security could not be directly purchased, although such securities could be acquired by other means such as through enforcement of liens or pledges.

Section 633(g)(3) of the House amendment, while including the same authority, did not contain the limitation against the acquisition through direct purchase of equity securities.

The managers on the part of the House accepted the Senate provision.

SETTLEMENT AND ARBITRATION (SEC 635(i))

Section 635(h) of the Senate bill authorized the settlement of claims and arbitration of disputes arising out of any investment guaranty operations and stipulated that the arbitration must be consented to by both parties.

Section 633(i) of the House amendment contained similar authority for the settlement of claims and the arbitration of disputes, but extended it to cover matters arising out of operations under the act and did not limit it to investment guaranty operations. Also, the House amendment did not contain any stipulation as to the need for the consent of the parties.

The managers on the part of the House accepted the Senate provision since it tended to be more limiting and more closely conformed to the expected use of the authority granted.

PROVISIONS ON USES OF FUNDS (SEC. 636)

Section 636 of the Senate bill, following the practice in existing law, enumerated the basic administrative authorities necessary for the day-to-day operations of the AID program. Some of these were identical with existing law; others were modifications. The House amendment moved those items in existing law that were retained without change to section 642(a)(2) which lists the unrepealed parts of the Mutual Security Act of 1954, as amended. Those authorities that were modified by the House were enumerated in section 634 of the House amendment.

The managers on the part of the House accepted the arrangement in section 636(a) of the Senate bill which retained in a single section of the law all the basic authorities. The managers on the part of the House accepted the Senate language with amendments as follows:

The language limiting the purchase of passenger motor vehicles for the official use of the head of the AID Agency to a single vehicle as it appeared in the Senate bill was clarified.

The Senate bill permitted long-term leases (not to exceed 10 years) for office space, living quarters, and other necessary facilities. The House amendment authorized advance payments in excess of 1 year for leases for facilities but did not authorize the making of a lease which exceeded 1 year's duration. Experience has demonstrated the necessity for long-term lease authority in some of the countries in which aid programs are conducted. The managers on the part of the House therefore accepted the language in the Senate bill.

The Senate bill authorized payment of transportation of costs remains of participants to their homes or to a place of burial. The House amendment permitted payment of such costs only to the participants' former homes. Experience has demonstrated that in some cases transportation of remains to former homes is undesirable and shipment to places of burial other than the former home is more desirable. The managers on the part of the House accepted the language in the Senate bill.

Section 636(b) of the Senate bill authorized both military and economic assistance funds to be used for personnel compensation, allowances, and travel; and for printing and binding without regard to any other law. It also provided that such laws as might be necessary may be waived in connection with expenditures abroad for supplies, services, and other administrative and operating expenses other than compensation of personnel.

The House amendment contained this identical authority by continuing section 411(d) of the Mutual Security Act of 1954, as amended, under section 642(a)(2)(d).

The managers on the part of the House accepted the Senate provision as being more appropriate in that it brings together in one bill all of the basic administrative authorities.

Section 636(c) of the Senate bill contained an authorization for the construction or acquisition of living quarters, office space, and supporting facilities overseas for use by U.S. Government employees and their dependents in an amount not to exceed \$4 million in any fiscal year. The funds used for this purpose are to come from those funds available for assistance under part I except development loan money. The House amendment contained no comparable provision.

It has been found that in many areas necessary facilities either cannot be leased because they do not exist, are not available because of the heavy demand for such facilities, or because rental is so high as to make it uneconomical to lease. In more than two-thirds of the new posts in Africa facilities such as living quarters, office space, schools, and hospitals are not available in sufficient quantity to accommodate AID personnel. The specific authority to construct or otherwise acquire schools and hospitals will permit use of AID funds to meet the needs of dependents of U.S. Government personnel in localities where it is necessary for the AID program to acquire or construct such facilities.

The committee of conference qualified the living quarters that may be acquired or constructed to those that are essential for the use of American personnel and reduced the amount available for these programs in any fiscal year to \$3 million.

Section 636(d) of the Senate bill and the House amendment contained identical language authorizing the use of not more than \$1.5 million in any fiscal year of funds available under part I (except development loan money) for assistance to schools established, or to be established, abroad for the education of dependents of U.S. Government personnel whenever such action would be more economical or best serve U.S. interests in providing such education. To make clear that this authority would not permit the duplication of facilities authorized in subsection (c) the Senate bill included the words "in lieu of acquisition or construction pursuant to subsection (c) of this section." The managers on the part of the House accepted the language in the Senate bill.

Section 636(g)(1) set a limit of \$300,000 in any fiscal year on the extraordinary expenses that may be incurred from funds made available for purposes of military assistance. The House amendment did not contain any limitation. The managers on the part of the House accepted the Senate language.

Section 636(g)(3) of the Senate bill authorized the maintenance, repair, alterations, and furnishing of U.S.-owned facilities for the training of foreign military personnel without regard to certain statutes relating to public contracts.

The House amendment contained no comparable provisions.

The managers on the part of the House accepted the Senate provision which was designed primarily to make it possible for the United States to provide available facilities for an Inter-American Defense College to be used for training students from member countries of the Inter-American Defense Board.

ADMINISTRATIVE EXPENSES (SEC. 637)

Section 637 (a) of the Senate bill authorized an appropriation of \$51 million for the administrative expenses of the AID agency. The House amendment authorized an appropriation of \$49 million for that purpose. The committee of conference agreed upon an authorization of \$50 million.

The Senate bill contained a subsection (b) that constituted a permanent authorization of appropriations to the Secretary of State for administrative expenses related to functions under the act and certain unrepealed provisions of the Mutual Security Act of 1954, as

amended, such as the coordination of economic and military assistance and the support of NATO activities. This was a continuation of section 411(c) of the Mutual Security Act of 1954. The House amendment contained no comparable provision.

At the time the foreign-aid bill was submitted by the executive branch, it was contemplated that the necessary appropriations would be requested as part of the regular Department of State Appropriation Act. This did not prove feasible. The continuation of the authorization provided in section 411(c) is required in order to permit an appropriation for this purpose in the fiscal year 1962 foreign-aid appropriation bill. The managers on the part of the House therefore accepted the language in the Senate bill.

IDENTIFICATION OF SOURCE OF U.S. ASSISTANCE (SEC. 641))

Section 641 of the Senate bill required that economic and military assistance be identified appropriately overseas as "American Aid."

Section 641 of the House amendment did not contain a comparable requirement concerning the identification of programs under the act.

The managers on the part of the House accepted the Senate provision with the understanding that military and economic assistance in numerous instances cannot always practicably be identified. However, the committee of conference believes that as a minimum the facilities housing U.S. aid missions can be so marked. Also, every effort should be made to find ways to more fully carry out such an identification policy.

ASSISTANCE TO YUGOSLAVIA (SEC. 642(a)(2))

Section 642(a)(2) of the Senate bill left unrepealed section 143 of the Mutual Security Act which requires that in furnishing assistance to Yugoslavia, the President continuously assure himself that Yugoslavia is free from the international Communist movement and that the furnishing of such assistance is in the interest of the national security.

The managers on the part of the House concurred with the Senate in retaining unrepealed this provision which specifically requires this determination be made in regard to Yugoslavia.

FOREIGN CURRENCIES FOR INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES (SEC. 642(a)(2))

Section 642(a)(2) of the Senate bill continued as unrepealed section 514 of the Mutual Security Act, which required, upon request of the Secretary of State, the reservation of foreign currencies for international educational exchange activities.

The House amendment contained no comparable provision, and the managers on the part of the House accepted the Senate provision.

ASSISTANCE TO REFUGEES (SEC. 642(a)(2))

Section 642(a)(2) of the Senate bill left unrepealed section 451(c) of the Mutual Security Act and provided that the authority for refugee programs and the use of contingency funds to finance these programs, including Cuban refugees, would continue until the enactment of authorizing and appropriating legislation.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision since the authority provided by the Senate provision expires upon the enactment of legislation authorizing and appropriating funds for the activities specified. The committee of conference understands that legislation (H.R. 8291) is currently being considered in the House. However, should this bill unexpectedly be held up, this will authorize the continuance of refugee programs until final passage of the proposed legislation.

DEFENSE BASE ACT AND WAR HAZARDS COMPENSATION ACT
(SECS. 701 AND 702)

Section 701(1) of the House amendment amended the Defense Base Act to extend the workmen's compensation coverage of that act to contracts under any successor act to the Mutual Security Act of 1954, as amended (which would include the new foreign assistance bill) other than contracts financed by loans repayable in dollars, unless the Secretary of Labor, upon recommendation of the financing agency, determined that such coverage would be appropriate. Section 701(2) amended the Defense Base Act to apply the coverage of that act retroactively to any and all contracts which were not completed prior to the date of enactment of the bill. Section 702 of the House amendment similarly amended the War Hazards Compensation Act, which provides war risk hazard and internment compensation coverage.

The Senate bill contained no comparable provisions.

The managers on the part of the Senate accepted the House amendment with amendments. The language in the House version would have two unintended effects. First, the deletion of the exception for DLF contracts would have the unintended effect of subjecting existing DLF contracts to the retroactive coverage of these two statutes. Second, the proposal to exclude contracts financed by loans repayable in dollars under any successor act to the Mutual Security Act was intended as excluding only contracts financed under the development lending section of the bill but it would also have excluded any contracts financed by dollar repayable loans under other categories in the bill. The amended language accepted by the committee of conference leaves unaffected existing DLF contracts which were absolutely excluded from coverage by the two acts but permits coverage of contracts financed by development loans under the bill upon the determination of the Secretary of Labor.

RESPONSIBILITY OF SECRETARY OF STATE FOR ADMINISTRATION OF
BATTLE ACT (SEC. 703)

The committee of conference agreed to an amendment to section 703(a) which amended section 305 of the Battle Act so as to provide a permanent authorization of appropriations to the Department of State to carry out the objectives of that act. The amendment substituted "Secretary of State" for "Department of State" and added "to administer and" before "carry out". These changes make clear that the Secretary of State is the statutory administrator of the Battle Act, thereby in effect replacing the obsolete language of section 102 of that act.

IMPROPER CURRENCY TRANSACTIONS ABROAD (SEC. 707)

Section 707 of the Senate bill amended section 523(d) of the Mutual Security Act to authorize the President to direct issuance of regulations governing the extent to which pay and allowances received and to be used in any country should be paid in local currency "whenever the President determines that prevention of improper currency transactions in a given country requires it." The House bill contained no comparable provision.

This provision was inserted in the Mutual Security Act of 1960 as a result of scandals involving Air Force personnel in black-market currency operations in Turkey.

The managers on the part of the House accepted the language in the Senate bill. The committee of conference was of the opinion that clarifying the criteria would facilitate implementation of this provision where required.

INTERPARLIAMENTARY UNION (SEC. 710)

Section 709 of the House amendment amended the act authorizing U.S. participation in the Interparliamentary Union to increase from \$33,000 to \$48,000 the authorization of appropriations for this purpose. The effect was to increase from \$15,000 to \$30,000 the amount available for expenses of the American group. It left unchanged the amount of \$18,000 available for contributions to the Bureau of the Union. The Senate bill contained no comparable provision.

The managers on the part of the Senate receded with an amendment limiting such increase to the fiscal year 1962.

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