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COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

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FOREWORD

This collection of laws and related material frequently referred to by the Committees on Foreign Relations and Foreign Affairs of the Senate and House of Representatives was prepared by officials in various departments and agencies of the executive branch, in collaboration with the staffs of the Committees on Foreign Relations and Foreign Affairs.

The collection contains the texts of the laws as amended during the 2d session of the 86th Congress and they are annotated to show pertinent history or cross references. No assumption as to the importance or significance of any of the material is to be made because of its inclusion or treatment here.

J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations.
THOMAS E. MORGAN,
Chairman, Committee on Foreign Affairs.

DECEMBER 1960.

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A. MUTUAL SECURITY PROGRAM

1. The Mutual Security Act of 1954, as Amended

Text of Public Law 665, 83rd Congress [H.R. 9678], 68 Stat. 832, approved August 26, 1954, as amended by the Mutual Security Act of 1955, P.L. 138, 84th Congress [S. 2090], 69 Stat. 283, approved July 8, 1955; the Mutual Security Act of 1956, P.L. 726, 84th Congress [H.R. 11356], 70 Stat. 555, approved July 18, 1956; the Mutual Security Act of 1957, P.L. 85-141 [S. 2130], 71 Stat. 355, approved August 14, 1957; the Mutual Security Act of 1958, P.L. 85-477 [H.R. 12181], 72 Stat. 261, approved June 30, 1958; the Mutual Security Act of 1959, P.L. 86-108 [H.R. 7500], 73 Stat. 246, approved July 24, 1959, and the Mutual Security Act of 1960, P.L. 86-472 [H.R. 11510], 74 Stat. 134, approved May 14, 1960.

AN ACT To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1954." This Act is divided into chapters and titles, according to the following table of contents: [1]

TABLE OF CONTENTS

Chapter I—MILITARY ASSISTANCE
Chapter II—ECONOMIC ASSISTANCE
Title I—DEFENSE SUPPORT
Title II—DEVELOPMENT LOAN FUND
Title III—TECHNICAL COOPERATION
Title IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS
Chapter III—CONTINGENCY FUND
Chapter IV—GENERAL AND ADMINISTRATIVE PROVISIONS [2]

[NOTE: The Mutual Security Act will be referred to as the MSAct and "this Act". The Mutual Security and Related Agencies Appropriation Act, 1961, will be referred to as the MS Appropriation Act, 1961.]

[1] 22 USC § 1751. This sentence and the following TABLE OF CONTENTS added by Sec. 2 of the MSAct of 1958.

[2] Sec. 501 of CHAPTER V of the MSAct of 1958 reorganized the form of the MSAct of 1954, as amended, as follows:

Sec. 501(1) struck out, immediately before Sec. 101, the title and chapter heading, which read: "TITLE I—MUTUAL DEFENSE ASSISTANCE—Chapter 1—Military Assistance", and substituted therefor "CHAPTER I—MILITARY ASSISTANCE";

Sec. 501(2) struck out, immediately before Sec. 131, the chapter heading, which read: "Chapter 3—Defense Support", and substituted therefor "CHAPTER II—ECONOMIC ASSISTANCE—TITLE I—DEFENSE SUPPORT";

Sec. 501(5) struck out, immediately before Sec. 141, the chapter heading, which read: "Chapter 4—General Provisions Relating to Mutual Defense Assistance";

Sec. 501(11) amended the heading of TITLE IV, which read: "TITLE IV—OTHER PROGRAMS", to read "TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS";

Sec. 501(12)(A) inserted, immediately after Sec. 420, the following new chapter heading: "CHAPTER III—CONTINGENCY FUND";

Sec. 501(12)(B) redesignated former Sec. 401 as Sec. 451 of chapter III;

Sec. 501(16) struck out, immediately before Sec. 501, the title and chapter heading, which read: "TITLE V—MISCELLANEOUS PROVISIONS—Chapter 1—General Provisions" and substituted therefor "CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS";

Sec. 501(23) struck out, immediately before Sec. 521, the chapter heading, which read: "Chapter 2—Organization and Administration"; and

Sec. 501(30) struck out, immediately before Sec. 541, the chapter heading, which read: "Chapter 3—Repeal and Miscellaneous Provisions".

SEC. 2.[3] STATEMENT OF POLICY.—(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a world wide atmosphere of expanded freedom.

(b) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

(c) Programs authorized by this Act continue to serve the following principal purposes:

(1) The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other like-minded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals, to share these strivings by providing assistance, with due regard for our other obligations, to peoples willing to work energetically toward these ends.

(2) 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 nations 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

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[3] 22 USC § 1750. Section 2 was amended by Sec. 2 of the MSAct of 1959. It formerly read as follows:

"SEC. 2. STATEMENT OF POLICY.—(a) The Congress of the United States recognizing that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, 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 nations once free but now subject to such domination, declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

"(b) It is the sense of the Congress that inasmuch as—

"(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world,

those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

"(c) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence."

to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

(d) It is the sense of the Congress that inasmuch as—

(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world;

those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units.

(f)[4] It is the sense of the Congress that inasmuch as—

(1) the United States favors freedom of navigation in international waterways and economic cooperation between nations; and

(2) the purposes of this Act are negated and the peace of the world is endangered when nations which receive assistance under this Act wage economic warfare against other nations assisted under this Act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways;

assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the Administration to insure their application.

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[4] Subsection (f) was added by Sec. 2 of the MSAct of 1960.

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CHAPTER I—MILITARY ASSISTANCE

SEC. 101.[5] PURPOSE OF CHAPTER.—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 in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. 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 nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China.[6] In the event of the seating of representatives of the Chinese regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

SEC. 102.[7] GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis [8] and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a non-combatant nature, including military training or advice.[9]

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[5] 22 USC § 1811.

[6] See also Sec. 12, MSAct of 1955, page 69, and Sec. 107, MS Appropriation Act, 1961, page 83.

[7] 22 USC § 1812.

[8] See also Sec. 505 of this Act.

[9] See also 10 USC § 1712, subsection (b) of which was amended by Sec. 502(k) of MSAct of 1958, effective April 1, 1959, which provides:

NOTE.—The amount appropriated by the Mutual Security and related Agencies Appropriation Act, 1961, appears as a footnote to each authorization in the Mutual Security Act of 1954, as amended. Section 104 of the Mutual Security and Related Agencies Appropriation Act, 1961, states: "Except for the appropriations entitled 'President's special authority and contingency fund' and 'Development Loan Fund', not more than 20 per centum of any appropriation item made available by this title shall be obligated and/or reserved during the last month of availability."

SEC. 103.[10] AUTHORIZATION.—(a)[11] There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed $1,400,000,000,[12] which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the President for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter[13] including expenses incident to United States participation in international security organizations.[14]

(c) [15] When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment

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"(a) Upon the application of the country concerned, the President, whenever he considers it in the public interest, may detail members of the Army, Navy, Air Force, and Marine Corps to assist in military matters—

"(1) any republic in North America, Central America, or South America;

"(2) the Republic of Cuba, Haiti, or Santo Domingo; and

"(3) during a war or a declared national emergency, any other country that he considers it advisable to assist in the interest of national defense.

"(b) Subject to the prior approval of the Secretary of the military department concerned, a member detailed under this section may accept any office from the country to which he is detailed. He is entitled to credit for all service while so detailed, as if serving with the armed forces of the United States. Arrangements may be made by the President, with countries to which such members are detailed to perform functions under this section, for reimbursement to the United States or other sharing of the cost of performing such functions."

See also Sec. 527(e) and Sec. 528 of this Act.

[10] 22 USC § 1813.

[11] Subsection (a) was amended by Sec. 101(a) of the MSAct of 1959. It formerly read as follows: "There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1959 to carry out the purposes of this chapter not to exceed $1,605,000,000, which shall remain available until expended."

[12] MS Appropriation Act, 1961—$1,800,000,000.

[13] The words "and of section 124" after "chapter" were deleted by Sec. 2(a)(2) of the MSAct of 1957. See Sec. 551 of this Act.

[14] MS Appropriation Act, 1961, permits the use of not to exceed $24,000,000 of the military assistance appropriation for administrative expenses to carry out the purposes of Chapter I.

[15] This subsection was substituted by Sec. 2(c) of the MSAct of 1955 for repealed Sec. 103(c) of the MSAct of 1954, which read as follows:

"(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

"(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which out-

within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953,[16] or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed $175,000,000 of the appropriations used for such assistance.[17]

(d) [18] The value of programs of equipment and materials for American Republics, pursuant to any authority contained in this chapter other than section 106, in any fiscal year beginning with the fiscal year 1961, shall not exceed $55,000,000. For the purposes of this subsection, the value of nonexcess equipment and materials shall be as defined in section 545(h) of this Act, and the value of excess equipment and materials (as excess is defined in section 545(e) of this Act) shall mean the acquisition cost to the Armed Forces of the United States of such equipment and materials.

SEC. 104.[19] INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization,[20] in accordance with agreements [21] made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than $1,000,000,000,[22] less amounts already contributed for such purpose.[23] Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section

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weigh the strategic and logistic advantages to the United States of procurement abroad;

"(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

"(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

"(4) Delays in delivery incompatible with United States defense objectives."

[16] For text, see page 88.

[17] This last sentence was added by Sec. 2(a)(3) of the MSAct of 1957.

[18] Subsection (d) was inserted by Sec. 101(a) of the MSAct of 1960.

[19] 22 USC § 1814.

[20] For text of North Atlantic Treaty, see page 509.

[21] The word "already" after "agreements" was deleted by Sec. 2(b) of the MSAct of 1957.

[22] "$1,000,000,000" was substituted for "$780,000,000" by Sec. 2(b) of the MSAct of 1957.

[23] The former second sentence of Sec. 104(a) was deleted by Sec. 2(b) of the MSAct of 1957. It read as follows: "There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed $321,000,000, to remain available until expended."

103 or local currencies made available under section 402 in amounts totaling not more than $50,000,000.

(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105.[24] CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.[25]—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1)[26] The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe, including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization[27] to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.[28]

(2) Military assistance furnished to any nation in the Near East and Africa[29] to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

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[24] 22 U.S.C. § 1815.

[25] See also Sections 141 and 142 of this Act.

[26] This paragraph was amended by Sec. 2(d) of the MSAct of 1955. It formerly read as follows:

"(1) In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programmed for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President."

[27] For text of North Atlantic Treaty, see page 509.

[28] The last half of this sentence, beginning with the words "including coordinated", added by Sec. 102 of the MSAct of 1958.

[29] Sec. 2(e) of the MSAct of 1955 amended this paragraph by striking out "Near East, Africa, and South Asia" and inserting in lieu thereof "Near East and Africa".

(3) In furnishing military assistance in Asia,[30] the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) [31] Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics.[32]

(5) [33] To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.[34]

SEC. 106.[35] SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purpose of

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[30] Sec. 2(e) of the MSAct of 1955 amended this paragraph by striking out "the Far East and the Pacific" and inserting in lieu thereof, "Asia". The words "and in carrying out the provisions of Sec. 121 of this Act" after "Asia" were deleted by Sec. 2(c) of the MSAct of 1957.

[31] Paragraph 4 was amended by Sec. 101(b)(1) of the MSAct of 1959. It formerly read as follows:

"Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not normally be the basis for military assistance programs to American Republics."

[32] Sec. 101(b) of the MSAct of 1960 struck out the last sentence of this subsection. It read as follows: The aggregate amount of funds which may be obligated or reserved during the fiscal year 1960 for furnishing military assistance to American Republics shall not exceed the aggregate amount of funds obligated or reserved for such purpose during the fiscal year 1959."

[33] Paragraph (5) was added by Sec. 101(b)(2) of the MSAct of 1959.

[34] Subsections (c) and (d) of Sec. 105 of the MSAct of 1954 were deleted by Sec. 3(b) of the MSAct of 1956. They read as follows:

"(c) The Secretary of Defense shall insure that the value (as determined pursuant to section 545) of equipment, materials and services heretofore furnished under military assistance programs authorized by Acts repealed by this Act or hereafter furnished pursuant to section 103(a) to nations or organizations in each of the four areas named in this subsection shall not exceed the total of the funds heretofore made available for military assistance in that area pursuant to Acts repealed by this Act plus the amount herein specified for that area:

"(1) In the European area (excluding Greece and Turkey), $617,500,000.

"(2) In the Near East (including Greece and Turkey) and Africa, $181,200,000.

"(3) In Asia, $583,600,000.

"(4) In the Western Hemisphere, $13,000,000.

"(d) Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 15 per centum of the sum of (1) that portion of the unexpended balances referred to in section 103(a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in subsection (c) of this section. Funds heretofore obligated or programmed or hereafter made available solely for the purpose of section 104 (pertaining to infrastructure) shall not be included in the total fixed for each such area. Funds heretofore appropriated for military assistance in a particular geographic area but transferred from such use under section 513 of the Mutual Security Act of 1951, as amended, or under section 408(c) of the Mutual Defense Assistance Act, shall be included in the total for the area for the benefit of which such transfer was made, and not in the total for the area from which the transfer was made."

[35] 22 USC § 1816.

this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 107.[36] WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 7307(a),[37] and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of title 10, United States Code, sections 3544(b) and 8544(b),[38] personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

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[36] 22 USC § 1817.

[37] Sec. 2(d)(1) of the MSAct of 1957 substituted "10 USC 7307(a)" for "10 USC 1262(a), and title 34, United States Code, Section 546(e)".

[38] Sec. 2(d)(2) of the MSAct of 1957 substituted "10 USC 3544(b) and 8544(b)" for "Revised Statutes 1222 (10 USC 576)".

SEC. 108.[39] TRANSFERS OF MILITARY EQUIPMENT TO JAPAN.—* * * (Repealed—1957)

CHAPTER 2 [40]—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT.—* * * (*Repealed*—1957)

CHAPTER II—ECONOMIC ASSISTANCE [41]

TITLE I—DEFENSE SUPPORT

SEC. 131.[42] GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter I [43], or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically [44] designed to sustain and increase military effort: *Provided*, That either all documents, papers, communications, audits, reviews, findings, recommendations, reports and other material which relate to operations or activities under this title are furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under this title, upon request of the General Accounting Office or such committee or subcommittee as the case may be, or the President certifies that he has forbidden the information to be furnished pursuant to such request and gives his reasons for doing so.[45] In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) [46] There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1961 [47] to carry out the purposes of this section not to exceed $675,000,000,[47] which shall remain available until expended.[48]

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[39] For text, see Repealed Provisions, page 93.

[40] For text, see Repealed Provisions, page 94.

[41] See footnote 2, and see Sec. 101(d) of the MS Appropriation Act, 1961, page 82.

[42] 22 USC § 1841.

[43] Sec. 501(3) of the MSAct of 1958 struck out "chapter 1 of this title" and inserted in lieu thereof "chapter I".

[44] The word "specifically" was added by Sec. 4(a)(1) of the MSAct of 1957.

[45] This proviso added by Sec. 201(a) of the MSAct of 1960. See also Sec. 533A(d) and Sec. 550 of this Act and Sec. 101(d) of the MS Appropriation Act, 1961, page 82.

[46] Subsection (b) was amended by Sec. 4(a)(2) of the MSAct of 1957. It formerly read as follows:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

"(1) $46,000,000 for Europe (excluding Greece and Turkey);

"(2) $73,000,000 for the Near East (including Greece and Turkey), Africa and South Asia; and

"(3) $80,098,195 for the Far East and the Pacific.

"In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: *Provided*, That portions of such unexpended balances which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection."

[47] Sec. 201(b) of the MSAct of 1960 substituted "1961" and "$675,000,000" for "1960" and "$751,000,000", respectively.

[48] MS Appropriation Act, 1961—$610,000,000, including not less than $35,000,000 for Spain, Second Supplemental Appropriation Act, 1961, 74 Stat. 821, provides: "For an additional amount for defense support, as authorized by section 131(b) of the Mutual Security Act of 1954, as amended, $65,000,000."

(c) [49] 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.

(d) [50] To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title or chapter I [51] and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.

SEC. 132.[52] KOREAN PROGRAM.—* * * (Repealed—1957)

SEC. 141.[53] CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.[54]—No assistance shall be furnished under this title or chapter I [55] to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No defense support or military equipment and

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[49] Sec. (a)(3) of the MS Act of 1957 struck out former subsection "(c)" and redesignated as subsection "(c)" former subsection "(d)", which had been added by Sec. 4 of the MS Act of 1955. Former subsection "(c)" read as follows:

"(c) There is hereby authorized to be appropriated to the President for the fiscal year 1956 to carry out the provisions of this section, not to exceed—

"(1) $92,000,000 for Europe (excluding Greece and Turkey);

"(2) $102,500,000 for the Near East (including Greece and Turkey) and Africa; and

"(3) $827,800,000 for Asia;

and for the fiscal year 1957 not to exceed—

"(1) $71,200,000 for Europe (excluding Greece and Turkey);

"(2) $170,000,000 for the Near East (including Greece and Turkey) and Africa;

"(3) $882,000,000 for Asia; and

"(4) $52,000,000 for Latin America.

"Funds made available under paragraph (4) may be used to furnish assistance designed to sustain and increase military effort or political or economic stability, and may be used without regard to the requirements of sections 141 and 142 in the case of any nation which is a party to the Inter-American Treaty of Reciprocal Assistance and which has adhered to the resolution of 1954 entitled: 'Declaration of Solidarity for the Preservation of the Political Integrity of the American States against the Intervention of International Communism.' Of the funds made available under paragraph (4), the sum of $15,000,000 shall remain available until expended, notwithstanding any other provision of this subsection, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 75 per centum of the funds made available for assistance under this sentence shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

"Funds made available for assistance to Korea from appropriations authorized by this section may be used in accordance with the applicable provisions of section 132 of this Act."

[50] Subsection "(d)" was added by Sec. 4(a)(4) of the MS Act of 1957. It was drawn from repealed Sec. 132 (for text, see page 95).

[51] Sec. 501(4) of the MS Act of 1958 inserted the words "or chapter I".

[52] For text, see Repealed Provisions, page 95.

[53] 22 USC § 1851.

[54] See also Sec. 105 of this Act.

[55] Sec. 501(6) of the MSAct of 1958 inserted the words "or chapter I" after "title".

materials [56] shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title or chapter I [55] and to safeguard the interests of the United States.

SEC. 142. [57] AGREEMENTS.[58]—(a) [59] No defense support or military equipment and materials [60] shall be furnished to any nation under chapter I or under this title [61] unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of chapter I or of this title; [62]

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter I without the consent of the President;[63]

(8) maintain the security of any article, service, or information furnished under chapter I;[63]

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purposes of chapter I; [63]

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under chapter I or under this title,[64] including the utilization of any such assistance and [65] provide the United States with full and complete information with respect to these matters, as the President may require.[66]

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[55] Sec. 501(6) of the MSAct of 1958 inserted the words "or chapter I" after "title".

[56] Sec. 201(c) of the MSAct of 1960 struck out the words "No such assistance" and substituted the words to this point.

[57] 22 USC § 1852.

[58] See also Sec. 543(b) of this Act.

[59] Subsection designation "(a)" was inserted by Sec. 5 of the MSAct of 1955.

[60] Sec. 201(d) of the MSAct of 1960 struck out the words "No assistance" and substituted the words to this point.

[61] Sec. 501(7)(B) of the MSAct of 1958 struck out the words "under this title" and inserted "under chapter I or under this title".

[62] Sec. 501(7)(B) of the MSAct of 1958 struck out the words "purposes of this title" and inserted "purposes of chapter I or of this title".

[63] Sec. 501(7)(A) of the MSAct of 1958 struck out "chapter I of this title" and inserted "chapter I".

[64] Sec. 501(7)(B) of the MSAct of 1958 struck out the words "under this title" and inserted "under chapter I or under this title".

[65] The word "and" was substituted for "or" by Sec. 5 of the MSAct of 1955.

[66] The word "and" which appeared at the end of this subparagraph was deleted by Sec. 5 of the MSAct of 1955, and a period was substituted.

(b) [67] In cases where any commodity is to be furnished on a grant basis under this title [68] under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and

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

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *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

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available: [69] *Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of $4,000,000: [70] *Provided further*, 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 Government of the United States.[71]

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

SEC. 143.[72] ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1)

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[67] Sec. 3 of the MSAct of 1955 changed the designation of this provision from "(11)" to "(b)" and revised the language of the introductory paragraph which previously read as follows:

"(11) in cases where any commodity is furnished on a grant basis under any provision of this Act other than chapter 1 of title I under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, establish a Special Account, and . . ."

[68] Sec. 501(8) of the MSAct of 1958 struck out "chapter 3 of title I of this Act" and inserted in lieu thereof "this title".

[69] See also Sec. 516 of this Act and Sec. 105, MS Appropriation Act, 1961, page 82.

[70] Sec. 202 of the MSAct of 1958 added the first two provisos in this paragraph.

[71] Sec. 202 of the MSAct of 1959 added the last proviso in this paragraph. The proviso was drawn from Sec. 115(b)(6) of the Economic Cooperation Act of 1948, as amended, repealed by Sec. 542 of this Act.

[72] 22 USC § 1853. Sec. 143 was amended by Sec. 5(b) of the MSAct of 1957. It formerly read as follows: "Notwithstanding any other provisions of law, no assistance under this title or any other title of this Act, or under any provision of law repealed by section 542(a) of this Act, shall be furnished to Yugoslavia after the expiration of ninety days following the date of the enactment of this section, unless the President finds and so reports to the Congress, with his reasons therefor, (1) that there has been no change in the Yugoslavian policies on the basis of which assistance under this Act has been furnished to Yugoslavia in the past, and that Yugoslavia is independent of control by the Soviet Union, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that it is in the interest of the national security of the United States to continue the furnishing of assistance to Yugoslavia under this Act."

that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

SEC. 144.[73] SOUTHEAST ASIA.—Assistance under this title or chapter I [74] shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Speaker of the House of Representatives within thirty days.

TITLE II—DEVELOPMENT LOAN FUND [75]

SEC. 201.[76] DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such people if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climax favorable to the investment of private capital; and to assist, on a basis of self-help and

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[73] This section was added by Sec. 5(c) of the MSAct of 1957. It was drawn from repealed Sec. 121 (for text, see page 94).

[74] Sec. 501(9) of the MSAct of 1958 added "or chapter I".

[75] The heading of this title, which formerly read "DEVELOPMENT ASSISTANCE", was changed by Sec. 6 of the MSAct of 1957.

[76] 22 USC § 1871. Secs. 201 through 206 were added by Sec. 6 of the MSAct of 1957, which struck out former Sec. 201 (a) and (b), and redesignated subsection "(c)" as subsection "(d)" of Sec. 537 of this Act. Sec. 201 (a) and (b) formerly read as follows:

"Sec. 201. Authorization.—(a) In addition to the funds heretofore appropriated pursuant to the provisions of sections 201 and 418 of this Act as in effect prior to the enactment of the Mutual Security Act of 1956, which funds shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto, there is hereby authorized to be appropriated to the President not to exceed $293,000,000, to remain available until June 30, 1960, for assistance designed to promote the economic development of free Asia, the Middle East, and Africa, based on self-help and mutual cooperation of friendly nations, and to maintain economic and political stability in these areas.

"(b) The President is authorized to utilize the funds hereafter made available for purposes of this title to accomplish in these areas policies and purposes declared in this Act, and to disburse them on such terms and conditions, including tranfer of funds, as he may specify: *Provided,* That eighty per centum of such assistance shall only be available on terms of repayment, except (1) when such funds are used to finance sales of surplus agricultural commodities under section 402, or (2) when granted for the purpose of a regional project involving two or more beneficiary nations: *And provided further,* That not more than 25 per centum of any funds hereafter made available for purposes of this title shall be used in furnishing bilateral assistance to any one nation."

mutual cooperation, the efforts of free peoples to develop their economic resources and free economic institutions [77] and to increase their productive capabilities in agriculture as well as in industry.[77] The Congress recognizes that the accomplishment of the purposes of this title in rapidly developing countries requires the development of free economic institutions and the stimulation of private investment, local as well as foreign, in the field of housing. It is the sense of the Congress, that, consistent with the other purposes of this title, special consideration should be given to loans and guarantees to stimulate activities in this field.[78]

SEC. 202.[79] GENERAL AUTHORITY.—(a) To carry out the purpose of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.[80]

(b) The Fund [81] is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it [81] may determine, taking 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,[81] (3) whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions [82] or to the increase of productive capacities in furtherance of the purposes of this title, and (4) [81] the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made by [83] the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic develop-

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[77] The words "and free economic institutions" and "in agriculture as well as in industry" were added by Sec. 202(a)(1) of the MSAct of 1960.

[78] The last two sentences of this section added by Sec. 202(a)(2) of the MSAct of 1960.

[79] 22 USC § 1872. Sec. 202 was added by Sec. 6 of the MSAct of 1957. See also Sec. 534(a) of this Act.

[80] Sec. 203(a) of the MSAct of 1958 substituted this language for former subsection (a), which read as follows:

"(a) There is hereby established a fund to be known as the 'Development Loan Fund' (hereinafter referred to in this title as 'the Fund') to be used by the President to finance activities carried out pursuant to authority contained in this title."

[81] Sec. 203(a)(2) of the MSAct of 1958 substituted the words "The Fund" in lieu of "To carry out the purposes of this title, the President"; substituted "it" for "he"; struck out the word "and" before subsection "(3)", and added subsection "(4)".

[82] The words "or free economic institutions" added by Sec. 202(b)(1) of the MSAct of 1960.

[83] Sec. 203(a)(2) of the MSAct of 1958 substituted the word "by" in lieu of "from".

ment objectives.[84] The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code [85] shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund.[86] The authority of section 451(a) [87] of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 [88] with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed $100,000,000.[89]. The President's semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.[90]

(c)[91] The Fund shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $50,000 for use in any country under this title unless (1) an application for such funds

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[84] This sentence added by Sec. 203(a)(1) of the MSAct of 1958.

[85] 18 USC § 955 provides as follows:

"§ 955. Financial transactions with foreign governments.

"Whoever, within the United States, purchases or sells the bonds, securities, or other obligations of any foreign government or political subdivision thereof or any organization or association acting for or on behalf of a foreign government or political subdivision thereof, issued after April 13, 1934, or makes any loan to such foreign government, political subdivision, organization or association, except a renewal or adjustment of existing indebtedness, while such government, political subdivision, organization or association, is in default in the payment of its obligations, or any part thereof, to the United States, shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

"This section is applicable to individuals, partnerships, corporations, or associations other than public corporations created by or pursuant to special authorizations of Congress, or corporations in which the United States has or exercises a controlling interest though stock ownership or otherwise. While any foreign government is a member both of the International Monetary Fund and of the International Bank for Reconstruction and Development, this section shall not apply to the sale or purchase of bonds, securities, or other obligations of such government or any political subdivision thereof or of any organization or association acting for or on behalf of such government or political subdivision, or to making of any loan to such government, political subdivision, organization or association."

[86] This sentence added by Sec. 203(a)(2) of the MSAct of 1958.

[87] Sec. 501(10) of the MSAct of 1958 substituted "451(a)" for "401(a)".

[88] For text, see page 102.

[89] Sec. 203(a)(2) of the MSAct of 1959 added the clause beginning "nor shall the fractional reserve".

[90] Sec. 203(a)(2) of the MSAct of 1958 substituted this sentence for two former sentences, which read as follows:

"The Manager of the Fund shall furnish to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives a report on each financing operation or transaction involving the Fund's assets. Such report shall be made at the time such financing operation or transaction is consummated."

[91] Subsection (c) was added by Sec. 202(b)(2) of the MSAct of 1960.

has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

SEC. 203.[92] CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed $1,800,000,000 [93] of which not to exceed $700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional $1,100,000,000 may be advanced prior to July 1, 1961.

SEC. 204.[94] FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953,[95] or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

(b) The Fund [96] is authorized to incur, in accordance with the provisions of this title, obligations [96] in amounts which may not at any time exceed the assets of the Fund. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization made available [97] pursuant to section 203 [98] of this Act which has not been advanced to the Fund as of such time. The assets of the Fund [99] shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

(c) [100] The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

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[92] 22 USC § 1873. Sec 203(b) of the MSAct of 1959 amended this section which formerly read as follows: "There is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund, not to exceed $500,000,000. In addition, there is hereby authorized to be appropriated to the President without fiscal year limitation, for advances to the Fund beginning in the fiscal year 1959, not to exceed $625,000,000."

[93] MS Appropriation Act, 1961, provides: "For advances to the Development Loan Fund as authorized by section 203, $550,000,000, to remain available until expended. . . . Not to exceed $1,800,000 of the funds of the Development Loan Fund shall be available during the current fiscal year for administrative expenses of the Fund covering the categories set forth in the current fiscal year budget estimates for such expenses."

[94] 22 USC § 1874. Sec. 204 was added by Sec. 6 of the MSAct of 1957.

[95] For text, see page 88.

[96] Sec. 203(b)(1) of the MSAct of 1958 substituted "Fund" for "President" and struck out the words "against the Fund", which appeared after the word "obligations".

[97] Sec. 203(b)(1) of the MS Act of 1958 substituted the words "made available" in lieu of "authorized".

[98] Sec. 203(c) of the MSAct of 1959 struck out subsection designation "(a)" which appeared after "(203)".

[99] Sec. 203(b)(1) of the MSAct of 1958 inserted the words "assets of the" before "Fund".

[100] Subsection (c) was substituted by Sec. 201(b)(2) of the MSAct of 1958. It formerly read as follows:

"(c) In the performance of and with respect to the functions, powers, and duties vested in him by this title, the President shall prepare annually and submit a budget program in accordance with the provisions of the Government Corporation Control Act, as amended; and he 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, and no other audit shall be required."

SEC. 205.[101] MANAGEMENT, POWERS AND AUTHORITIES.[102]—(a) [103] The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the Secretary of State,[104] who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

(b) [105] There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of $20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of $19,000 a year, and four [106] other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of $18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act

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[101] 22 USC § 1875. Sec. 205 was added by Sec. 6 of the MSAct of 1957.

[102] The heading, which formerly read "Powers and Authorities", was changed by Sec. 201(c)(1) of the MSAct of 1958.

[103] This subsection was amended by Sec. 203(c)(2) of the MSAct of 1958. It formerly read as follows:

"(a) In carrying out the purposes of this title, the President shall, by and with the advice and consent of the Senate, appoint in the International Cooperation Administration of the Department of State a Manager of the Fund. The office of Manager of the Fund shall be in addition to other offices provided for by law, and the compensation for such office shall be at a rate not in excess of $19,000 a year."

[104] Sec. 202(c) of the MSAct of 1960 substituted "Secretary of State" in lieu of "Under Secretary of State for Economic Affairs".

[105] This subsection was amended by Sec. 203(c)(2) of the MSAct of 1958. It formerly read as follows:

"(b) The President shall also establish a Loan Committee, consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be chairman, the Director of the International Cooperation Administration, and the Chairman of the Board of Directors of the Export-Import Bank, which shall, under the foreign policy guidance of the Secretary of State, establish basic financial terms and conditions for the operations and transactions of the Fund."

[106] Sec. 203(d)(1) of the MSAct of 1959 substituted "four" for "three".

as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may [107]: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem [108] appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures of the Fund,[109] and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as [110] the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptance including bankers' acceptances, cable transfers and all other evidences of 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, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to,[110] the Fund, and, as [110] the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the

[107] Sec. 203(c)(3)(i) of the MSAct of 1958 substituted this phrase in lieu of "In carrying out his functions with respect to this title, the Manager of the Fund may".

[108] Sec. 203(c)(3)(ii) of the MSAct of 1958 substituted the words "it may deem" in lieu of "may be deemed".

[109] Sec. 203(c)(3)(iii) of the MSAct of 1958 substituted the words "of the Fund" in lieu of "under this title".

[110] Sec. 203(c)(3)(iv) of the MSAct of 1958 struck out the words "the Manager of".

United States; purchase one passenger motor vehicle for use in the [111] United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; [112] and otherwise take any and all actions determined by [110] the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function.[113] Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507(b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U. S. C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.[114]

(d)[115] The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4(a) of the Civil Service Retirement Act, as amended (5 U.S.C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4(a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and and the Secretary of Labor.

(e)[115] The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202(a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202(a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mu-

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[110] Sec. 203(c)(3)(iv) of the MSAct of 1958 struck out the words "the Manager of".

[111] Sec. 501(a) of the MSAct of 1960 struck out the word "continental" which appeared at this point.

[112] Six clauses, beginning with the words "adopt, alter and use", were added by Sec. 203(c)(3)(v) of the MSAct of 1958.

[113] The words, "or in carrying out any function" were substituted for "authorized by the title" by Sec. 203(c)(3)(vi) of the MSAct of 1958.

[114] This sentence was added by Sec. 203(c)(3)(vii) of the MSAct of 1958.

Sec. 203(d)(2) of the MSAct of 1959 struck out the last sentence, which read: "The Export-Import Bank shall administer loans made from the Fund, as provided in section 505(b) of this Act."

[115] Subsections "(d)" and "(e)" were inserted by Sec. 203(c)(4) of the MSAct of 1958.

tual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205(b) of this Act.

SEC. 206.[116] NATIONAL ADVISORY COUNCIL.—The Fund shall be administered subject to the applicable provisions of section 4[117] of the Bretton Woods Agreements Act (22 U.S.C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

TITLE III—TECHNICAL COOPERATION

SEC. 301.[118] DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

SEC. 302.[119] GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6)[120] as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450),[121] nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 303.[122] PREREQUISITES TO ASSISTANCE.[123]—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

(a) pays a fair share of the cost of the program;

(b) provides all necessary information concerning such program and gives the program full publicity;

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[116] 22 USC § 1876. Sec. 206 was added by Sec. 6 of the MSAct of 1957.
[117] For text, see page 333.
[118] 22 USC § 1891.
[119] 22 USC § 1892.
[120] 22 USC §§ 1431–1479. See also Sec. 514 of this Act.
[121] 49 USC §§ 1151–1160.
[122] 22 USC § 1893.
[123] See also Sec. 543(b) of this Act.

(c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;

(d) endeavors to make effective use of the results of the program; and

(e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304.[124] AUTHORIZATION.—There is hereby authorized to be appropriated to the President to remain available until expended not to exceed $172,000,000 [125] for use beginning in the fiscal year 1961 [125] to carry out the purposes of this title.

SEC. 305.[126] LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306.[127] MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.[128]—As one means of accomplishing the purposes of this title and this Act,[129] the United States is authorized to participate in multilateral technical cooperation and related [130] programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

(a) $33,000,000 [131] for the fiscal year 1961[131] for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: [132] *Provided*, That, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution for such purpose [132] may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed for such purpose and for succeeding calendar years not to exceed 40 per

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[124] 22 USC § 1894. Sec. 7(a) of the MSAct of 1957 struck out former subsections (a) and (b), which read as follows:

"(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 $88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and $28,500,000 for such programs in Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed $146,500,000 and for the fiscal year 1957 not to exceed $140,500,000 for technical cooperation programs in the Near East and Africa, Asia and Latin America."

[125] Sec. 203(a) of the MSAct of 1960 substituted "$172,000,000" and "1961" for "$179,500,000" and "1960", respectively.

MS Appropriation Act, 1961—$150,000,000: "*Provided*, That no part of this appropriation shall be used to initiate any project or activity which has not been justified to the House of Representatives and the Senate."

[126] 22 USC § 1895.

[127] 22 USC § 1896.

[128] "AND RELATED PROGRAMS" added to the heading by Sec. 204(b)(1) of the MSAct of 1958. See also Sec. 535 of this Act.

[129] The words "and this Act" added by Sec. 204(b)(1) of the MSAct of 1958.

[130] The words "and related" added by Sec. 204(b)(1) of the MSAct of 1958.

[131] Sec. 203(b)(1) of the MSAct of 1960 substituted "$33,000,000" and "1961" for "$30,000,000" and "1960", respectively.

MS Appropriation Act, 1961—$33,000,000.

[132] Sec. 204(b)(2) of the MSAct of 1958 inserted "and such related fund as may hereafter be established" after the word "Assistance", and substituted the words "for such purpose" in lieu of the words "to this program".

centum of the total amount contributed for such purpose (including assessed and audited local costs) [133] for each such year.[134]

(b) [135] $1,500,000 [136] for the fiscal year 1961 [137] for contributions to the technical cooperation program of the Organization of American States.

SEC. 307.[138] ADVANCES AND GRANTS; CONTRACTS.—(a) [139] The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, extend at any time for not more than three years.[138a]

(b) [139] The President shall arrange for a nongovernmental research group, university, or foundation to study the advisability and practicability of a program, to be known as the Point Four Youth Corps, under which young United States citizens would be trained and serve abroad in programs of technical cooperation. Not to exceed $10,000 from funds made available pursuant to section 304 of this Act may be used to help defray the expenses of such a study.

SEC. 308.[140] INTERNATIONAL DEVELOPMENT ADVISORY BOARD.— * * * (Repealed—1960)

TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS [141]

SEC. 400.[142] SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1961 [143] not to exceed $256,000,000 [143] for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability.

(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the Presi-

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[133] Sec. 204(b)(1) of the MSAct of 1959 inserted the parenthetical phrase after the words "for such purpose".

[134] Sec. 204(b)(2) of the MSAct of 1958 substituted the phrase beginning with "for such purpose and for" in lieu of "to the program for that period, for the calendar year 1959 as much as but not to exceed 38 per centum of the total amount contributed to the program for that period, and for the calendar year 1960 as much as but not to exceed 33.33 per centum of the total amount contributed to the program for the period."

[135] Sec. 7(b)(2) of the MSAct of 1957 substituted this language for former subsection (b), which read as follows:

"$1,500,000 for making contributions to the technical cooperation program of the Organization of American States; in addition, $1,500,000 for the fiscal year 1956, and $1,500,000 for the fiscal year 1957 for such contributions."

[136] MS Appropriation Act, 1961—$1,300,000.

[137] Sec. 203(b)(2) of the MSAct of 1960 substituted "1961" for "1960".

[138] 22 USC § 1897.

[138a] The words "extend at any time for not more than three years" were substituted for "run for not to exceed three years" by Sec. 7(c) of the MSAct of 1956.

[139] Sec. 203(c) of the MSAct of 1960 inserted subsection designation "(a)" and added subsection (b).

[140] For text, see Repealed Provisions, page 100.

[141] See footnote 2.

[142] 22 USC § 1920. This section was added by Sec. 8(a) of the MSAct of 1957. See also Sec. 534(a) of this Act.

[143] Sec. 204(a) of the MSAct of 1960 substituted "1961" and "$256,000,000" for "1960" and "$247,500,000", respectively.

MS Appropriation Act, 1961—$230,000,000.

dent not to exceed $25,000,000,[144] which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

(c) The President is authorized to use not to exceed $20,000,000 [145] of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended,[146] and notwithstanding the provisions of Public Law 213, Eighty-second Congress,[147] the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States.[148]

SEC. 401.[149] UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1961 [150] funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force.

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[144] MS Appropriation Act, 1961, makes no appropriation for the purposes of this section. See also Secs. 1 and 2 of Public Law 86–735—An Act to provide for assistance in the development of Latin America . . .", page 144.

[145] Sec. 205(a)(2) of the MSAct of 1959 substituted "$20,000,000" for "$10,000,000".

[146] For text, see page 194.

[147] For text, see page 102.

[148] Sec. 205(a)(2) of the MSAct of 1959 substituted the words beginning with "and notwithstanding the provisions" in lieu of "for the purposes of this subsection."

MS Appropriation Act, 1961—"For assistance authorized by section 400(c) for hospital construction, $1,500,000 to be used to purchase foreign currencies which the Department of the Treasury may determine to be excess to the normal requirements of the United States."

[149] Sec. 401 added by Sec. 205(b) of the MSAct of 1959. Former Sec. 401 was redesignated as Sec. 451 of Chapter III by the MSAct of 1958.

[150] Sec. 204(b) of the MSAct of 1960 substituted "1961" for "1960".

SEC. 402.[151] EARMARKING OF FUNDS.—Of the funds authorized to be made available in the fiscal year 1961 [152] pursuant to this Act (other than funds made available pursuant to title II), not less than $175,000,000 [153] shall be used to finance the export and sale for foreign currencies or the grant [154] of surplus agricultural commodities or products thereof produced in the United States,[155] in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954,[156] and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953,[157] or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.[158] Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting "whether in private stocks or" after "commodities" the first time that word appears.[159]

SEC. 403.[160] SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—* * * (Repealed—1958)

SEC. 403.[161] RESPONSIBILITIES IN GERMANY.—The President is hereby authorized to use during the fiscal year 1961 [162] not to exceed $6,750,000 [162] of the funds made available pursuant to section 400(a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German cur-

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[151] 22 USC § 1922.
[152] Sec. 204(c) of the MSAct of 1960 substituted "1961" for "1960".
[153] Sec. 8(c) of the MSAct of 1957 substituted this language for the first part of this sentence, which formerly read as follows: "Of the funds authorized to be made available pursuant to this Act for the fiscal year 1956, not less than $300,000,000, and of the funds so authorized for the fiscal year 1957, not less than $250,000,000,".
[154] Sec. 205(c) of the MSAct of 1959 added the words "or the grant".
[155] See also Sec. 510 of this Act.
[156] See page 194 for text of Agricultural Trade Development and Assistance Act of 1954, as amended, page 211 for Executive Order 10560, as amended, and Presidential letter setting forth its administration.
[157] See text, page 88.
[158] See Sec. 516 of this Act.
[159] Sec. 205(c) of the MSAct of 1959 added the last two sentences of this section.
[160] For text, see Repealed Provisions, page 99.
[161] 22 USC §§ 1923–1924. This section added by Sec. 205(c) of the MSAct of 1958. See also Sec. 551 of this Act.
[162] Sec. 204(d) of the MSAct of 1960 substituted "1961" and "$6,750,000" for "1960" and "$7,500,000", respectively.
MS Appropriation Act, 1961, made no appropriation for this section.

rency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.

SEC. 404.[163] RESPONSIBILITIES IN GERMANY.—* * * (Repealed—1958)

SEC. 404.[164] INDUS BASIN DEVELOPMENT.—The Congress of the United States welcomes the progress made through the good offices of the International Bank for Reconstruction and Development toward the development of the Indus Basin through a program of cooperation among south Asian and other nations of the free world in order to promote economic growth and political stability in south Asia, and affirms the willingness of the United States, pursuant to authorities contained in this and other Acts, to participate in this significant undertaking. In the event that funds appropriated pursuant to this Act are made available to be used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the foregoing purposes, 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 of 1936, as amended (46 U.S.C. 1241),[165] whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of such purposes: *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.

SEC. 405.[166] MIGRANTS, REFUGEES, AND ESCAPEES.[167]—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated[168] such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

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[163] For text, see Repealed Provisions, page 99.
[164] This section was inserted by Sec. 204(e) of the MSAct of 1960.
[165] For text, see page 469.
[166] 22 USC § 1925.
[167] The heading, which formerly read "MOVEMENT OF MIGRANTS AND REFUGEES", was changed by Sec. 8(d)(1) of the MSAct of 1955.
[168] MS Appropriation Act, 1961—"For contributions authorized by section 405(a), $6,700,000: *Provided,* That no funds herein appropriated shall be used to assist directly in the migration to any nation in the Western Hemisphere of any person not having a security clearance based on reasonable standards to insure against Communist infiltration in the Western Hemisphere: *And provided further,* That no funds herein appropriated shall be used to pay transportation costs of any doctor or immigrant inspector or for any space not required to be allotted by the applicable U.S. maritime laws and regulations."

(b) Of the funds made available under this Act, not more than $800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year 1961 [169] not to exceed $1,300,000 [169] for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.[170]

(d) [171] There is hereby authorized to be appropriated to the President for the fiscal year 1961 [172] not to exceed $3,500,000 [172] for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 451 [173] of this Act.

SEC. 406.[174] CHILDREN'S WELFARE.[175]—There is hereby authorized to be appropriated not to exceed $12,000,000 [176] for the fiscal year 1961 [177] for contributions to the United Nations Children's Fund.[175]

SEC. 407.[178] PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed $16,500,000 [179] to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. It is the sense of the Congress that the earliest possible rectification should be made of the Palestine refugee rolls in order to assure that only bona fide refugees whose need and eligibility for relief have been certified shall receive aid from the Agency and that

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[169] Sec. 204(f)(1) of the MSAct of 1960 substituted "1961" and "$1,300,000" for "1960" and "$1,100,000", respectively.

MS Appropriation Act, 1961—$1,300,000.

[170] Sec. 205(d)(1) of the MSAct of 1958 struck out, after the words "fiscal year", the following language: "1958 not to exceed $2,233,000 for contributions to the United Nations Refugee Fund."

[171] Subsection (d) was amended by Sec. 8(e)(3) of the MSAct of 1957. It formerly read as follows: "There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed $6,000,000 and for the fiscal year 1957 not to exceed $7,000,000, for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 401 of this Act."

[172] Sec. 204(f)(2) of the MSAct of 1960 substituted "1961" and "$3,500,000" for "1960" and "$5,200,000," respectively.

MS Appropriation Act, 1961—$3,350,000.

[173] "451" was substituted for "401" by Sec. 501(13) of the MSAct of 1958.

[174] 22 USC § 1926.

[175] Subsection designation "(a)" was struck out by Sec. 8(f)(1) of the MSAct of 1957, which also amended the section. Subsection (a) formerly read as follows: "There is hereby authorized to be appropriated not to exceed $13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund."

Subsection (b) was struck out by Sec. 8(f)(2) of the MSAct of 1957. It formerly read as follows: "There is hereby authorized to be appropriated for the fiscal year 1956 not to exceed $14,500,000, and for the fiscal year 1957 not to exceed $10,000,000, for contributions to the United Nations Children's Fund."

[176] MS Appropriation Act, 1961—$12,000,000.

[177] Sec. 204(g) of the MSAct of 1960 substituted "1961" for "1960".

[178] 22 USC § 1927. Sec. 407 was amended by Sec. 204(h) of the MSAct of 1960. It formerly read as follows: "There is hereby authorized to be appropriated to the President for the fiscal year 1960 not to exceed $25,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided,* That of the funds appropriated pursuant to this section 10 per centum shall be available only for repatriation or resettlement of such refugees. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate."

[179] MS Appropriation Act, 1961—$16,500,000.

the President in determining whether or not to make United States contributions to the Agency should take into consideration the extent and success of efforts by the Agency and the host governments to rectify such relief rolls. The President shall include in his recommendations to the Congress for fiscal year 1962 programs under this Act a report concerning the progress made toward the rectification of the relief rolls as well as toward the repatriation and resettlement of the refugees by the governments directly concerned. Whenever the President shall determine that it would more effectively contribute to the relief, repatriation, and resettlement of Palestine refugees in the Near East he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

SEC. 408.[180] NORTH ATLANTIC TREATY ORGANIZATION.[181]—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated [182] such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U.S.C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve Officers may serve for periods of more than five years [183] notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U.S.C. 922).

SEC. 409.[184] OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas, or, in the case of such nations and areas which are landlocked, transportation charges from the United States ports to designated points

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[180] 22 USC § 1928. See Sec. 551 of this Act.
[181] For text of the North Atlantic Treaty, see page 509.
[182] The words "for the fiscal year 1955 not to exceed $3,200,000 for payment by the United States of its share of the expenses of the Organization, and thereafter" following "appropriated" were deleted by Sec. 8(h) of the MSAct of 1957.
MS Appropriation Act, 1961, appropriated $1,200,000 for NATO science program.
[183] Sec. 505(h) of the MSAct of 1959 substituted "five" for "four".
[184] 22 USC § 1929.

of entry in such nations and areas,[185] on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

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

(c) [186] There is hereby authorized to be appropriated to the President for the fiscal year 1961 [187] not to exceed $2,000,000 [187] to carry out the purposes of this section.

(d) [188] In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.[189]

SEC. 410.[190] CONTROL ACT EXPENSES.—* * * (Repealed—1959)

SEC. 411.[191] ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) [192] There is hereby authorized to be appropriated to the President for the fiscal year 1961 [193] not to exceed $40,000,000 [193] for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter I [194] and title II of chapter II [194] and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) [195] performed by any agency or officer administering nonmilitary assistance.

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[185] The words to this point, beginning with ", or, in the case of", were added by Sec. 204(1)(1) of the MSAct of 1960. See also Sec. 203 of the Agricultural Trade Development and Assistance Act of 1954, page 202.

[186] This subsection was revised by Sec. 8(1)(1) of the MSAct of 1957. It formerly read: "There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed $4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section. There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed $2,000,000, and for the fiscal year 1957 not to exceed $3,000,000, to carry out the purposes of this section."

[187] Sec. 204(1)(2) of the MSAct of 1960 substituted "1961" and "$2,000,000" for "1960" and "$2,300,000", respectively.

MS Appropriation Act, 1961—$2,000,000.

[188] This subsection was revised by Sec. 8(1)(2) of the MSAct of 1957. It formerly read: "There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed $13,000,000 to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses. In addition, any funds made available under this Act may be used, in amounts determined by the President, for the purposes of this subsection."

[189] See Sec. 402 of this Act and the Agricultural Trade Development and Assistance Act of 1954, page 194.

[190] For text, see Repealed Provisions, page 100.

[191] 22 USC § 1931. See Sec. 551 of this Act.

[192] This subsection was revised by Sec. 8(k) of the MSAct of 1957.

[193] Sec. 204(j)(1) of the MSAct of 1960 substituted "1961" and "$40,000,000" for "1960" and "$39,500,000", respectively.

MS Appropriation Act, 1961—$38,000,000.

[194] Sec. 501(15) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I". The words "and title II of chapter II" were inserted by Sec. 205(1)(1) of the MSAct of 1958.

[195] For text, see page 194.

(c) [196] There are authorized to be appropriated for expenses of [197] the Department of State such amounts [196] as may be necessary from time to time for administrative expenses which are incurred for functions of the Department under this Act or for [198] normal functions of the Department which relate to functions under this Act,[198] and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611) [199]: *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct.[200]

(d) [196] 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, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside [201] 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 Government funds as may be necessary to accomplish the purposes of this Act.

SEC. 412.[202] CHINESE AND KOREAN STUDENTS.—* * * (Repealed—1957)

SEC. 412.[203] PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—* * * (Repealed—1960)

SEC. 413.[204] ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, 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 other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private

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[196] Sec. 8(k)(2) of the MSAct of 1957 struck out subsection (c) and redesignated former subsections "(d)" and "(e)" as subsections "(c)" and "(d)", respectively.
MS Appropriation Act, 1961—$8,000,000.

[197] Sec. 204(j)(2) of the MSAct of 1960 substituted the words "for expenses of" for the word "to".

[198] This phrase to this point formerly comprised subsection (c) and read: "There are authorized to be appropriated to the Department of State such amounts, not to exceed $7,000,000 in any fiscal year, as may be necessary from time to time for administrative expenses which are incurred for normal functions of the Department which relate to functions under this Act." Sec. 205(k)(2) of the MSAct of 1959 struck out the words "not to exceed $7,000,000 in any fiscal year,". Sec. 205(i)(2) of the MSAct of 1958 had added the words "functions of the Department of State under this Act or for".

[199] For text, see page 102.

[200] Sec. 205(k) of the MSAct of 1959 added the clause and proviso beginning with the words ", and for expenses of carrying out".

[201] Sec. 501(b) of the MSAct of 1960 struck out the words "the continental limits of" which appeared at this point.

[202] For text, see Repealed Provisions, page 96.

[203] For text, see Repealed Provisions, page 101.

[204] 22 USC § 1933.

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 section.

(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—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall 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,[205] nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall 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 dependent area thereof in violation of any such treaty; and

(4) may make, through an agency [206] responsible for administering nonmilitary assistance under this Act,[207] until June 30, 1967,[208] under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided*, That—

(A) such projects shall be approved by the President as furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act,[209] and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in

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[205] The words "and its equitable treatment in," were added by Sec. 8(j) of the MSAct of 1956.

[206] The words "an agency" were substituted in lieu of "the agency primarily" by Sec. 205(j)(1) of the MSAct of 1958.

[207] The words "through the agency primarily responsible for administering nonmilitary assistance under this Act" were added by Sec. 8(k)(1) of the MSAct of 1956. See also Sec. 521 of this Act.

[208] This date was substituted for "June 30, 1956" by Sec. 8(k)(2) of the MSAct of 1956.

[209] Sec. 205(m)(1) of the MSAct of 1959 substituted the words beginning with "the development of the economic" for "any of the purposes of this Act". See also Sec. 413(b)(4)(G) of this Act.

whole or in part, or as compensation for the sale or disposition of all or any part thereof:

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war; [210]

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as 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: *Provided*, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced; [211]

(F) the President is authorized to issue guaranties up to a total face value of $1,000,000,000 [212] exclusive of informational media guaranties heretofore and hereafter issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)): *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid out of

[210] The words "or by reason of war" were added by Sec. 8(k)(3) of the MSAct of 1956.
[211] This proviso was added by Sec. 205(j)(1) of the MSAct of 1958.
[212] Sec. 205(m)(2) of the MSAct of 1959 substituted "$1,000,000,000" for "$500,000,000".

fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued under this paragraph by the Director of the International Cooperation Administration or such other officer as the President may designate,[213] when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U.S.C. 665) and 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 of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration or such other officer as the President may designate[213] is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed $37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111(c)(2);[214]

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act;[215]

(H) as used in this paragraph—

(i) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

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[213] The words "or such other officer as the President may designate" were added by Sec. 205(j)(1) of the MSAct of 1958.

[214] Subparagraph (F) was amended by Sec. 8(k)(4) of the MSAct of 1956. See also Sec. 534(a) of this Act with respect to the second proviso.

[215] Sec. 205(m)(3) of the MSAct of 1959 struck out the words "achieving any of the purposes of this Act" and substituted the words beginning with "furthering the development of ". See also Sec. 413(b)(4)(A) of this Act.

(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person 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 goods items 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.

(c)[216] Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct annual studies to keep the data up to date[217] of the ways and means in which the role of private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act, so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus, and to the net position of the United States in its balance of trade with the rest of the world.[217] Such studies[217] shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.

(d)[218] Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof.

SEC. 414.[219] MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.[220]

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including

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[216] This subsection was inserted by Sec. 205(j)(2) of the MSAct of 1958.

[217] Sec. 205(m)(4) of the MSAct of 1959 substituted the words "annual studies to keep the data up to date" in lieu of "a study"; added the words beginning with, "and to the net position" at the end of the first sentence; and substituted the word "studies" for "study".

[218] This subsection added by Sec. 205(m)(5) of the MSAct of 1959.

[219] 22 USC § 1934.

[220] See also the Mutual Defense Assistance Control Act of 1951, *infra*, page 102.

technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.[221]

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than $25,000 or imprisoned not more than two years, or both.

SEC. 415.[222] ASSISTANCE TO INTERNATIONAL ORGANIZATIONS.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization and the Organization for European Economic Cooperation, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.[223]

SEC. 416.[224] FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administration expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States. To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this Act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this Act.[225]

SEC. 417.[226] IRISH COUNTERPART.—Pursuant to section 115(b)(6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement

[221] The last two sentences added by Sec. 205(k) of the MSAct of 1958.
[222] 22 USC § 1935.
[223] The words "and the Organization for European Economic Cooperation" were added by Sec. 8(1)(2) of the MSAct of 1956.
[224] 22 USC § 1936. See also Sec. 534(a) of this Act.
[225] This last sentence was added by Sec. 8(m) of the MSAct of 1957.
[226] 22 USC § 1937.

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between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry;

(3) development programs and projects in aid of the foregoing objectives, is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

SEC. 418.[227] PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT.—* * * (Repealed—1956)

SEC. 419.[228] WORLD HEALTH ORGANIZATION.—* * * (Repealed—1957)

SEC. 419.[229] ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year 1961 [230] not to exceed $3,400,000 [230] to carry out the purposes of this section.

(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed $350,000.

(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

SEC. 420.[231] MALARIA ERADICATION.—The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economy resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to use funds made available under this Act (other than chapter I and title II of chapter II) [232] to furnish to such nations,

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[227] For text, see Repealed Provisions, page 93. MS Appropriation Act, 1961, provides: "Unobligated balances of funds heretofore made available under authority of the Mutual Security Act of 1954, as amended, and available as of June 30, 1960, are, except as otherwise provided, hereby continued available for the fiscal year 1961, for the same general purposes for which appropriated."

[228] For text, see Repealed Provisions, page 96.

[229] Sec. 419 was added by Sec. 8(n) of the MSAct of 1957.

[230] Sec. 204(1) of the MSAct of 1960 substituted "1961" and "$3,400,000" for "1960" and "$6,500,000", respectively.

MS Appropriation Act, 1961—$1,500,000.

[231] 22 USC § 1940. Sec. 420 was added by Sec. 8(n) of the MSAct of 1957.

[232] The words "to use funds made available under this Act (other than chapter I and title II of Chapter II)" were added by Sec. 205(m) of the MSAct of 1958.

organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section: *Provided*, That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II.[233]

SEC. 421.[234] FOOD AND AGRICULTURE ORGANIZATION.—* * * (Repealed—1957)

SEC. 421.[235] LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of underdeveloped nations, and in nations 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.

CHAPTER III—CONTINGENCY FUND[236]

SEC. 451.[237] PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.[238]—(a) Of the funds made available for use[239] under this Act,[240] not to exceed $150,000,000, in addition to the funds authorized for use under this subsection by subsection (b) of this section,[241] may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds for use under[242] this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed $100,000,000 of the funds available under this subsection[243] may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North

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[233] This proviso was added by Sec. 205(m) of the MSAct of 1958 which also struck out the last sentence of the section, which read as follows: "Not to exceed $23,300,000 of the funds made available pursuant to authorizations contained in this Act (other than title I, chapter 1, and title II) may be used during the fiscal year 1958 to carry out the purpose of this section."

[234] For text, see Repealed Provisions, page 97.

[235] Sec. 421 was added by Sec. 204(m) of the MSAct of 1960.

[236] See footnote 2 and Sec. 101(d), MS Appropriation Act, 1961, page 82.

[237] 22 USC § 1951. See Sec. 551 of this Act.

[238] The words "AND CONTINGENCY FUND" were added to the heading by Sec. 301(a) of the MSAct of 1958.

[239] The words "for use" were added by Sec. 301(b)(1) of the MSAct of 1958.

[240] See Sec. 202(b) of this Act.

[241] The words "use under this subsection by subsection (b) of this section" were substituted for "such use by Section 400(a) of this Act" by Sec. 301(b)(1) of the MSAct of 1958.

[242] The words "for use under" were substituted for "pursuant to authorizations contained in" by Sec. 301(b)(1) of the MSAct of 1958.

[243] The word "subsection" was substituted for "section" by Sec. 301(b)(2) of the MSAct of 1958.

Atlantic Treaty Organization or for other purposes when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of $50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than $30,000,000 of the funds available under this subsection may be allocated to any one nation in any fiscal year.

(b) [244] There is hereby authorized to be appropriated to the President for the fiscal year 1961 [245] not to exceed $150,000,000 [245] for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. $100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.

(c) [246] It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of Communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under subsection (a) of [247] this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

Chapter IV—General and Administrative Provisions [248]

Sec. 501.[249] Transferability of Funds.—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 pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provisions of this Act,[250] 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 trans-

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[244] This subsection added by Sec. 301(c) of the MSAct of 1958 and former subsection (b)) was redesignated subsection (c)).

[245] Sec. 301 of the MSAct of 1960 substituted "1961" and "$150,000,000" for "1960" and "$155,000,000", respectively.

MS Appropriation Act, 1961—$250,000,000: *"Provided,* That none of the funds appropriated in this paragraph shall be used for any project or activity for which an estimate has been submitted to Congress and which estimate has been rejected: *Provided further,* That none of the funds appropriated in this paragraph may be used to finance contributions to the United Nations for a program in any country in Africa in excess of 40 per centum of the total contributions to the United Nations for such program."

[246] Sec. 8(b)(3)) of the MSAct of 1957 struck out former subsection "(b)(", which read as follows:

"There is hereby authorized to be appropriated to the President for the fiscal year 1956 $100,000,000, and for the fiscal year 1957 not to exceed $100,000,000, for use in accordance with subsection (a) of this section." Sec. 8(b)(4)) of the MSAct of 1957 redesignated subsection "(c)", which was added by Sec. 8(a)(4) of the MSAct of 1956, as subsection "(b)".

[247] The words "subsection (a) of" added by Sec. 301(d) of the MSAct of 1958.

[248] See footnote 2 and Sec. 101(d), MS Appropriation Act, 1961, p. 82.

[249] 22 USC § 1753. See Sec. 551 of this Act.

[250] See Sec. 202(b)) of this Act and also Sec. 101(b)) of the MS Appropriation Act, 1961.

fer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.[251]

SEC. 502.[252] USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953,[253] or any other provision of law, proceeds of sales made under Section 550 of the Mutual Security Act of 1951, as amended,[254] shall remain available and shall be used for any purposes of this Act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Suppemental Appropriation Act, 1953,[255] or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended,[256] and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives[257] for their local currency expenses: *Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended and the amounts of dollar expenditures made from appropriated funds in connection with travel outside the United States,[258] together with the purposes of the expenditure, including

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[251] The last three sentences of former Sec. 501 were deleted by Sec. 9(a) of the MSAct of 1956. The three sentences formerly read as follows: "Funds transferred under this section to furnish military assistance under chapter 1 of title I may be expended without regard to the area limits imposed by sec. 105(c). Of any funds transferred under this section for the purpose of furnishing assistance under sec. 201, 30 per centum shall be available only for furnishing assistance on terms of repayment in accordance with sec. 505. [Not less than 50 per centum of any assistance furnished under paragraph (1), (2) or (3) of sec. 201(a) with funds transferred under this section shall be furnished on terms of repayment in accordance with sec. 505.]"

[252] 22 USC § 1754.

[253] For text, see page 88.

[254] Repealed by Sec. 542 of the MSAct of 1954. For complete text of Sec. 550, see footnote 3 of the Agricultural Trade Development and Assistance Act of 1954, as amended, page 194.

[255] For text, see page 88.

[256] 60 Stat. 832; 2 USC § 190d.

[257] The words "and to the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report" were added by Sec. 9(a) of the MSAct of 1955. "Joint Committee on the Economic Report" was deleted and "Joint Economic Committee and the Select Committee on Small Business of the Senate and House of Representatives" inserted by Sec. 9(b) of the MSAct of 1956.

[258] The words to this point, beginning with "and the amounts", were added by Sec. 401(a)(1)(i) of the MSAct of 1960.

lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall prepare a consolidated report showing the total itemized expenditures during the preceding calendar year of the committee and each subcommittee thereof, and of each member and employee of such committee or subcommittee, and shall forward such consolidated report to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate).[259] Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.[260]

(c) [261] It is the sense of the Congress that prompt and careful consideration should be given to participation by the United States in an internationally financed program which would utilize foreign currencies available to the United States to preserve the great cultural monuments of the Upper Nile. Accordingly, the President is requested to submit to the Congress on or before March 1, 1961, his recommendations concerning such a program.

SEC. 503.[262] TERMINATION OF ASSISTANCE.—(a)[263] If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter I [264] of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assist-

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[259] This sentence was amended by Sec. 105(a) of the Legislative Branch Appropriation Act, 1961, P.L. 86–628, 74 Stat. 460. It formerly read as follows: "Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall prepare a consolidated report showing the total itemized expenditures during the preceding calendar year of the committee and each subcommittee thereof, incurred as a result of the official activities of the members and employees of such committee or subcommittee, and shall forward such consolidated report to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate."

[260] The proviso, amending a former proviso, and the last two sentences added by Sec. 401(a) of the MSAct of 1958. The former proviso read as follows: "*Provided,* That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Appropriations of the Senate (if the committee using such currency is a committee of the Senate or a joint committee of the Congress), showing the total amount of such currency so used in each country and the purposes for which it was expended."

[261] Subsection (c) was added by Sec. 401(a)(2) of the MSAct of 1960.

[262] 22 USC § 1755.

[263] Sec. 401(a) of the MSAct of 1959 inserted subsection designation "(a)".

[264] Sec. 501(17) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I".

ance to any nation 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 twelve months from the date of termination under this section [265] for the necessary expenses of liquidating assistance programs.[266]

(b) [267] In any case in which the President determines that a nation has hereafter nationalized or expropriated the property of any person as defined in section 413(b) and has failed within six months of such nationalization or expropriation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

(c) [267] The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated.

SEC. 504.[268] 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 and services financed with funds authorized under chapter II [269] of 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 nations receiving assistance under this Act information as to commodities 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 commodities 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 United States Government agency as the President may direct,[270] 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 chapter I,[271] such information to be furnished as far in advance as possible.

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[265] Sec. 9(a)(1) of the MSAct of 1957 substituted the word "section" for "subsection".

[266] Sec. 9(a)(2) of the MSAct of 1957 struck out subsection (b). It formerly read as follows: "Unless sooner abolished under section 525, the Foreign Operations Administration shall cease to exist at the close of June 30, 1955."

[267] Sec. 401(a) of the MSAct of 1959 added subsections (b) and (c).

[268] 22 USC § 1756. See also Sec. 534(a) of this Act.

[269] Sec. 501(18)(A) of the MSAct of 1958 substituted "chapter II" in lieu of "titles II, III, and IV, and chapter 3 of title I,".

[270] See Sec. 301(3) of Executive Order 10893, page 151, and Sec. 1 of State Department Delegation of Authority 85, as amended, page 136.

[271] Sec. 501(18)(B) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I".

(d)[272] * * * (Repealed—1960)

SEC. 505.[273] LOAN ASSISTANCE AND SALES.—(a) Except as otherwise specifically provided in this Act, assistance[274] 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 of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act[275] and shall emphasize loans rather than grants wherever possible. Commodities, equipment, and materials transferred to the United States as repayment may be used for assistance authorized by this Act, other than title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance.[276] Whenever commodities,[277] equipment, materials, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953,[278] or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities,[277] equipment, materials, or services which generated the currencies were appropriated.[279]

(b)[280] Funds for the purpose of furnishing assistance on terms of repayment may[280] be allocated to the Export-Import Bank of Washington, which may,[280] notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended,[281] make and adminster the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it 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 (59 Stat. 529), as amended. United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of

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[272] For text, see Repealed Provisions, page 101.

[273] 22 USC § 1757. The words "AND SALES" in the heading were added by Sec. 9(c)(1) of the MSAct of 1955. See also Sec. 102 of this Act.

[274] Sec. 9(c)(1) of the MSAct of 1957 substituted the words "Except as otherwise specifically provided in this Act, assistance" for "Assistance", the first word in the sentence.

[275] See Sec. 516 of this Act.

[276] This sentence was added by Sec. 401(c) of the MSAct of 1960.

[277] Sec. 9(c)(1) of the MSAct of 1957 inserted the words "equipment, materials," after the word "commodities". See Sec. 545(c) and also Sec. 103(c) of this Act.

[278] For text, see page 88.

[279] The words in the first sentence commencing with "and shall emphasize loans," and the second sentence, were added by Sec. 9(c) of the MSAct of 1955. With reference to the second sentence, see also Sec. 402 of this Act.

[280] Sec. 9(c)(2) of the MSAct of 1957 struck out the first sentence of subsection (b), which formerly read: "Of the funds made available pursuant to this Act and foreign currencies accruing to the United States under section 402, the equivalent of not less than $200,000,000 shall be available only for the furnishing of assistance on terms of repayment." Sec. 9(c)(2) also substituted the word "may" for the word "shall" in the first sentence of Sec. 505(b), which formerly read as follows: "Funds for the purpose of furnishing assistance on terms of repayment shall be allocated to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms."

[281] 12 USC § 635–635(i).

the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury.[282] Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts.[282] Amounts received in repayment of principal and interest on any credits made under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended,[283] shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506.[284] PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

(1) the term "invention" means an inventory or discovery covered by a patent issued by the United States; and

(2) the term "information" means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

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[282] Sec. 401(c) of the MSAct of 1959 struck out the third sentence of this section and substituted the three sentences beginning with "United States dollars received". The third sentence formerly read: "Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress." See also Sec. 514 of this Act.

[283] Repealed August 26, 1954, by Sec. 542 of this Act.

[284] 22 USC § 1758.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

SEC. 507.[285] AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.[286]

SEC. 508.[287] LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

SEC. 509.[288] SHIPPING ON UNITED STATES VESSELS.[289]—The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds 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 and the following),[290] shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936,[291] or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels.[292] Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolu-

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[285] 22 USC § 1759. This section was amended by Sec. 9(c) of the MSAct of 1956. It formerly read as follows: "Except as otherwise provided in section 104 (pertaining to infrastructure), 405 (pertaining to movement of migrants), 408(a) (pertaining to North Atlantic Treaty Organization), and 412 (pertaining to Chinese and Korean students), funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year."

[286] See also Sec. 104 of the MS Appropriation Act, 1961, page 82.

[287] 22 USC § 1760.

[288] 22 USC § 1761.

[289] Sec. 9(d) of the MSAct of 1957 struck out the first sentence of this section. It formerly read as follows: "Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 per centum of the gross tonnage of commodities, materials and equipment procured out of funds made available under sections 103, 123, 131, 132(a), 201, 304, and 403 of this Act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103, and for sections 123, 131, 132(a), 201, 304, and 403 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates are fair and reasonable; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purposes of this Act, to secure fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area."

[290] For text, see page 194.

[291] For text, see page 469.

[292] This sentence was added by Sec. 9(d) of the MSAct of 1955. The reference to the Agricultural Trade Development and Assistance Act of 1954, as amended, was added by Sec. 4(d) of the MSAct of 1956.

tion 17, Seventy-third Congress, and section 901(b) of the Merchant Marine Act, 1936, as amended).[293]

SEC. 510.[294] PURCHASE OF COMMODITIES.—No funds made available under [295] title I of chapter II [296] of 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.[297] A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title I or II of chapter II [298] of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base or to the net position of the United States in its balance of trade with the rest of the world,[299] which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where 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 any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.[300]

SEC. 511.[301] RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under chapter I or title I of chapter II [302] out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation 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 so retained may be disposed of without regard to pro-

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[293] This sentence was added by Sec. 401(b) of the MSAct of 1958. See also Note, page 208.

[294] 22 USC § 1762.

[295] The words "title II or", which followed the word "under", were struck out by Sec. 401(c) of the MSAct of 1958.

[296] Sec. 501(19)(A) of the MSAct of 1958 substituted "title I of chapter II" in lieu of "chapter 3 of title I".

[297] See also "Subpart D—Price Provisions" of ICA Regulation 1, as amended November, 1957.

[298] Sec. 501(19)(B) of the MSAct of 1958 substituted "title I or II of chapter II" in lieu of "title II or chapter 3 of title I".

[299] Sec. 401(d) of the MSAct of 1959 added the words beginning with "or to the net position".

[300] See also Sec. 402 of this Act and accompanying footnotes.

[301] 22 USC § 1763.

[302] Sec. 501(20) of the MSAct of 1958 substituted "chapter I or title I of chapter II" in lieu of "title I".

visions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.[303]

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials on a grant basis[304] under chapter I for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 512.[305] PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine not to exceed $10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530(a) of this Act.

SEC. 513.[306] NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presen-

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[303] See also Sec. 108 of the Mutual Security Appropriation Act, 1956, as amended, which reads, in part, as follows: "* * * *Provided further*, That in the event the President shall determine that supplies and equipment ordered against funds so allocated are required for the defense of the United States, the amount allocated for supplies and materials required for such purpose shall be returned to the appropriation from which allocated: * * *", page 84.

[304] Sec. 9(e) of the MSAct of 1957 added the words "on a grant basis", and also deleted the parenthetical statement "(other than equipment or materials sold under the provisions of section 106)" which appeared between the words "title I" and "for the return" in the first sentence. Sec. 501(21) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I".

[305] 22 USC § 1764.

[306] 22 USC § 1765. Sec. 9(f) of the MSAct of 1957 substituted new language for Sec. 513. It formerly read as follows:

"When any transfer is made under section 501, or any other action is taken under this Act which will result 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 which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees."

See also Sec. 101 (a), (b) and (c) of the MS Appropriation Act, 1961, page 81.

tation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of any determination under the first sentence of section 451 [307] (except with respect to unvouchered funds) and under the last clause of the second sentence of section 404,[308] and copies of any certification as to loyalty under section 531 shall be filed with them.[309]

SEC. 514.[310] INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended,[311] be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

SEC. 515.[312] AUTHORIZATION FOR GRANT OF CONTRACT AUTHORITY.—Provisions in 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. 516.[313] PROHIBITION AGAINST DEBT RETIREMENT.—None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142(b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

SEC. 517.[313] COMPLETION OF PLANS AND COST ESTIMATES.—(a) [314] After June 30, 1958, no agreement or grant which constitutes an obliga-

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[307] Sec. 501(22) of the MSAct of 1958 substituted "451" in lieu of "401".

[308] The words "and under the last clause of the second sentence of section 404" were added by Sec. 401(d) of the MSAct of 1960.

[309] For other sections dealing with Congressional notification see Secs. 101, 131(a), 143, 144, 202(b), 502(b), 503(c), 531, 533A(d), 534, 537(f) and 550 of this Act, and Secs. 101, 103 and 107, MS Appropriation Act, 1961.

[310] 22 USC § 1766.

[311] 50 USC App. § 1641. See also Sec. 505(b) of this Act.

[312] 22 USC § 1766a. This section was added by Sec. 9(d) of the MSAct of 1956.

[313] Secs. 516 (22 USC § 1766(b)) and 517 (22 USC § 1766(c) were added by Sec. 401(d) of the MSAct of 1958. Sec. 516 is drawn from Sec. 105 of the MS Appropriation Act, 1958, and similar provisions in preceding appropriation acts.

[314] Subsection designation "(a)" was added by Sec. 401(e)(1) of the MSAct of 1960.

tion of the United States in excess of $100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I, II, or [315] III (except section 306) of chapter II, or section 400(a)—

(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 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 within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans. To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section, except any agreement for assistance authorized under title II of chapter II, shall be made on a competitive basis.[315]

(b) [316] Plans required under 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.

SEC. 521 [317] DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b) and section 413(b)(4),[318] the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.[319]

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of chapter II [320] of this Act through the Secretary of State.[321]

(c) [322] The President shall continue to exercise the powers conferred on him under title I of chapter II,[323] relating to defense support, only through the Secretary of State and his subordinates.[324]

SEC. 522.[325] ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States

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[315] Sec. 401(e) of the MSAct of 1959 substituted "title I, II, or" in lieu of "title I or" and added the last sentence.

[316] Subsection (b) was added by Sec. 401(e)(2) of the MSAct of 1960. See also Sec. 102, MS Appropriation Act, 1961, page 82.

[317] 22 USC § 1781.

[318] The words "and section 413(b)(4)," were added by Sec. 9(e) of the MSAct of 1956.

[319] See Executive Order 10893, page 147.

[320] Sec. 501(24) of the MSAct of 1958 inserted the words "of chapter II".

[321] See Executive Order 10893, page 147, State Department Delegation of Authority 85, as amended, page 136, and State Department Redelegation of Authority 85–9, page 140.

[322] Subsection "(c)" was added by Sec. 10(a) of the MSAct of 1957.

[323] Sec. 501(25) of the MSAct of 1958 substituted "title I of chapter II" in lieu of "chapter 3 of title I".

[324] See Executive Order 10893, page 147, State Department Delegation of Authority 85, as amended, page 136, and State Department Redelegation of Authority 85–9, page 140.

[325] 22 USC § 1782.

by any nation or international organization for the procurement of equipment or materials or 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 Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency 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. The Administrator of General Services is authorized to maintain in a separate consolidated account, which shall be free from fiscal year limitations, payments received by the General Services Administration for administrative surcharges in connection with procurement services performed by the General Services Administration in furtherance of the purposes of this Act. Such payments shall be in amounts mutually acceptable to the General Services Administration and the United States Government agency which finances the procurement, and these amounts shall be available for administrative expenses incurred by the General Services Administration in performing such procurement services.[326]

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter I [327] of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, 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 that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.[328]

(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter I,[329] reimbursement or payment shall be made to such agency from funds available to carry out such provision. 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 owning or disposal agency. The amount of any such

[326] The portion of this subsection beginning with "the Administrator of General Services . . ." was added by Sec. 10(b)(2) of the MSAct of 1956.

[327] Sec. 501(26) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I".

[328] See also Sec. 108 of the Mutual Security Appropriation Act, 1956, as amended, page 84.

[329] Sec. 501(26) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I".

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 agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, 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, and (ii) withdrawals may be made by recipient nations 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 Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of 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.[330]

(f) [331] Any appropriation made to carry out the provisions of this Act may initially be charged, within the limits of available funds, to finance expenses for which funds are available in other appropriations made under this Act: *Provided*, That as of the end of the same fiscal year such expenses shall be finally charged to applicable appropriations with proper credit to the appropriations initially utilized for financing purposes.

SEC. 523.[332] 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.[333] 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.[334]

(c) [335] Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direc-

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[330] See ICA Regulation 1, as amended November, 1957, for rules pertaining to documentation.

[331] This subsection was added by Sec. 10(b)(2) of the MSAct of 1956.

[332] 22 USC § 1783.

[333] See Part II of Executive Order 10893 and accompanying memorandum by the President, page 150.

[334] This sentence added by Sec. 401(f)(1) of the MSAct of 1959.

[335] Sec. 401(f)(2) of the MSAct of 1959 amended this subsection, which formerly read:

"(c) Under the direction of the President, the Secretary of State shall:

"(1) coordinate the various forms of assistance authorized by this Act so that the foreign policy of the United States may be best served thereby; and

"(2) determine the value of the program under chapter I for any country."

tion 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.

(d) [336] Whenever the President determines that the achievement of United States foreign policy objectives in a given country requires it, he may direct the chief of the United States diplomatic mission there to issue regulations applicable to members of the Armed Forces and officers and employees of the United States Government, and to contractors with the United States Government and their employees, governing the extent to which their pay and allowances received and to be used in that country shall be paid in local currency. Notwithstanding any other law, United States Government agencies are authorized and directed to comply with such regulations.

SEC. 524.[337] THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter I [338] 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; [339]

(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.[340]

SEC. 525.[341] FOREIGN OPERATIONS ADMINISTRATION.[342]—The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (including any function, office or entity thereof transferred to any other agency) [343] or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: [344] *Provided*, That such authority conferred by this sentence shall be exercised in accordance

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[336] Subsection (d) was added by Sec. 401(f) of the MSAct of 1960.

[337] 22 USC § 1784.

[338] Sec. 501(28) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I".

[339] The words "end-item use" were substituted for "end-items used" by Sec. 10(a) of the MSAct of 1955.

[340] Sec. 10(c) of the MSAct of 1957 struck out the second sentence of this subsection. It formerly read as follows: "The determination of the value of the program for any country under chapter 1 of title I shall be made by the President."

[341] 22 USC § 1785.

[342] The first sentence of this section was struck out by Sec. 10(d) of the MSAct of 1957. It read as follows: "Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the 'Director') shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance."

[343] The material in parentheses was added by Sec. 10(b) of the MSAct of 1955.

[344] See Sec. 521 of this Act and Executive Order 10893, page 147.

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with applicable laws and regulations relating to the Civil Service and Veterans' Preference.[345]

SEC. 526.[346] MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The 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 (22 U.S.C. 801),[347] or (2) compensation and allowances in accordance with section 527(c) of this Act, as the President shall determine to be appropriate. If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended,[348] and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.[349]

SEC. 527.[350] EMPLOYMENT OF PERSONNEL. (a) Any United States Government agency performing 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.[351]

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed seventy [352] may be compensated without regard to the provisions of the Classification Act of 1949, as amended,[353] of whom not to exceed forty-five [352] 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 fifteen 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 [354] per annum. 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.[355] One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of $20,000 per annum.[356]

(c) For the purpose of performing functions under this Act outside [357] the United States, the President [358] may—

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[345] The proviso was added by Sec. 10(b) of the MSAct of 1955.
[346] 22 USC § 1786.
[347] For text, see page 218.
[348] For text, see page 234.
[349] This sentence was added by Sec. 10(c) of the MSAct of 1955.
[350] 22 USC § 1787.
[351] See also Sec. 531 of this Act.
[352] 401(g) of the MSAct of 1959 substituted "seventy" and "forty-five" for "sixty" and "thirty-five", respectively.
[353] 5 USC § 1071 note.
[354] Amended by Sec. 113 of the Federal Executive Pay Act of 1956, 22 USC § 1787, which struck out "$15,000 per annum" and inserted "$19,000 per annum".
[355] 5 USC § 1105.
[356] This sentence added by Sec. 401(g) of the MSAct of 1959. For text of Reorganization Plan Number 7, see page 107.
[357] Sec. 501(c) of the MSAct of 1960 struck out the words "the continenal limits of" which appeared at this point.
[358] Sec. 401(g)(1) of the MSAct of 1960 substituted "President" for "Director". See also Sec. 537(c)(3) of this Act.

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, 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),[359] together with allowances and benefits established thereunder, including, in all cases, post differentials prescribed under section 433 of the Foreign Service Act,[360] 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 the employment or assignment exceeds thirty months,[361] to the same benefits as are provided by section 528 of the Foreign Service Act [362] for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act [363] shall apply in the case of such persons; 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 (22 U.S.C. 801),[364] as the President deems necessary to carry out functions under this Act.[365] Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: [366] *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: [367] *Provided further*, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive in-class promotions in accordance with such regulations as the President may prescribe.[368]

(d) For the purpose of performing functions under this Act outside [369] the United States, the Secretary of State may [370] appoint for the duration of operations under this Act alien clerks and employees [371] in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).[372]

(e) [373] Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compen-

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[359] See Secs. 414 and 415 of the Foreign Service Act, page 223, and accompanying footnotes.

[360] Sec. 443 repealed by Sec. 511(a) of the Overseas Differentials and Allowances Act, P.L. 86–707. See Title II, Part A, of the latter Act.

[361] The words ", except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months," were inserted by Sec. 10(e) of the MSAct of 1957.

[362] For text, see page 232.

[363] For text, see page 266.

[364] For text, see page 218.

[365] See Sec. 302(a) of Executive Order 10893, page 151, State Department Delegation of Authority 85, as amended, page 136, and State Department Redelegation of Authority 85–9, page 140.

[366] Text of Sec. 528 on page 136. Sec. 443 repealed by Sec. 511(a) of the Overseas Differentials and Allowances Act, P.L. 86–707. See Title II, Part A, of the latter Act.

[367] This proviso was inserted by Sec. 10(e) of the MSAct of 1957.

[368] This proviso was inserted by Sec. 401(g)(1) of the MSAct of 1960.

[369] Sec. 501(d) of the MSAct of 1960 struck out the words "the continental limits of" which appeared at this point.

[370] Sec. 401(g)(2) of the MSAct of 1960 struck out the words ", at the request of the Director" which appeared at this point.

[371] See also Sec. 537(a)(3) of this Act.

[372] For text, see page 218.

[373] Subsection (e) was added by Sec. 401(e) of the MSAct of 1957.

sation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

SEC. 528.[374] DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.[375]—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529.[376] DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency 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.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also 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. 801).[377] 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.[378]

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall

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[374] 22 USC § 1788.
[375] See Secs. 301–303 of the United States Information and Educational Exchange Act of 1948 (Smith-Mundt Act), 22 USC §§ 1451–1453; and also Sec. 102 of this Act and 10 USC § 712.
[376] 22 USC § 1789.
[377] For text, see page 260.
[378] 5 USC § 70.

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 to the United States 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, 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 international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, 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 assignment or detail in accordance with subsection (b) of this section.

SEC. 530.[379] EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), may be employed by any United States Government agency for the performance of functions under this Act,[380] 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 and other expenses at a rate not to exceed $10 or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher,[381] while so employed within [382] the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside [382] the United States: *Provided*, That contracts for such employment with such organizations may be renewed annually.[383]

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency 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), and regulations issued thereunder.

SEC. 531.[384] SECURITY CLEARANCE.—The standards and procedures set forth in Executive Order Numbered 10450,[384] as amended or supplemented, shall apply to the employment under this Act by any

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[379] 22 USC § 1790.

[380] See also Sec. 532(a) of this Act.

[381] The following words were added by Sec. 10(d) of the MSAct of 1955: "or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher."

[382] Sec. 501(e) of the MSAct of 1960 struck out the words "the continental limits of" which appeared at this point.

[383] This proviso was added by Sec. 10(c) of the MSAct of 1956.

[384] 22 USC § 1791. For text of Executive Order No. 10450, see 18 F. R. 2489 (1953), 3 CFR 936.

agency administering nonmilitary assistance of any citizen or resident of the United States.[385]

SEC. 532.[386] EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530(a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U.S.C., section 281, 283 or 284, 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, 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 6 of the Act of May 22, 1920, as amended (5 U.S.C. 715), section 212 of the Act of June 30, 1932, as amended (5 U.S.C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities. Contracts for the employment of retired military personnel with specialized research and development experience, not to exceed ten in number, as experts or consultants under section 530(a), may be renewed annually, nothwithstanding section 15 of the Act of August 2, 1946 (5 U.S.C. 55a).[387]

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U.S.C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951,[388] but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U.S.C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

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[385] This section was amended by Sec. 401(h) of the MSAct of 1960. It formerly read as follows:

"Sec. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

"(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

"(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

"This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment."

[386] 22 USC § 1792.

[387] This sentence was added by Sec. 10(d) of the MSAct of 1956.

[388] For text, see page 102.

SEC. 533.[389] WAIVERS OF CERTAIN FEDERAL LAWS.[390]—Whenever the President determines it to be in furtherance of purposes declared in 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) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 533A.[391] INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the "Office of the Inspector General and Comptroller", which shall be headed by an officer designated as the "Inspector General and Comptroller", whose salary shall be fixed at the annual rate of $19,000, and who shall be appointed by the Secretary of State and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended,[392] and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

(c) The Inspector General and Comptroller shall have the following duties, in addition to those duties transferred to him under subsection (b) of this section:

(1) Establishing or reviewing and approving a system of financial controls over programs of assistance authorized by this Act to insure compliance with applicable laws and regulations;

(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established or approved under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

(3) Establishing or reviewing and approving policies and standards providing for extensive internal audits of programs of assistance authorized by this Act;

(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the appropriate officials of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

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[389] 22 USC § 1793.

[390] For waivers of other laws, see Secs. 107, 400(c), 403, 408(c), 411(d), 451, 502, 509, 527(e), 532, 537 (a) (c) (d), and (e) of this Act, and also Executive Order 10784, page 142. For limitations, see Sec. 551 of this Act.

[391] 22 USC § 1793a. This section added by Sec. 401(h) of the MSAct of 1959.

[392] 5 USC § 1071 note.

(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

(7) Establishing or reviewing and approving a system of financial and statistical reporting with respect to all programs of assistance authorized by this Act;

(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs of assistance authorized by this Act;

(9)[393] Coordinating and cooperating with the General Accounting Office in carrying out his duties, to the extent that such duties are within areas of responsibility of the General Accounting Office; and

(10)[393] Carrying out such other duties as may be vested in him by the Under Secretary of State.

(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs:[394] *Provided*, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the case may be.[395]

SEC. 534.[396] REPORTS.—(a)[397] The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each fiscal year [398] of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, 400, 416,[399] 413(b), and 418 [400] of this Act.[401]

(b)[402] All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any

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[393] Sec. 401(i) of the MSAct of 1960 struck out paragraph (9) and renumbered paragraphs (10) and (11) as paragraphs (9) and (10), respectively. Former paragraph (9) read as follows:

"(9) Designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress;".

[394] MS Appropriation Act, 1961, provides: "Not to exceed $1,200,000 of the funds appropriated in this title shall be available to carry out the provisions of section 533A of the Mutual Security Act of 1954, as amended."

[395] See also Secs. 131(a) aand 550 of this Act, and Sec. 101(d) of the MS Appropriation Act, 1961.

[396] 22 USC § 1794.

[397] Sec. 401(i) of the MSAct of 1959 added subsection designation "(a)".

[398] Sec. 401(j) of the MSAct of 1960 substituted "fiscal year" for "six months."

[399] The numbers "202, 400, 416" were added by Sec. 10(f) of the MSAct of 1957.

[400] The words "and 418" were added by Sec. 10(e) of the MSAct of 1955.

[401] See also Secs. 533A(d) and 550 of this Act, and Sec. 101 of the MS Appropriation Act, 1961, page 81.

[402] Subsection (b) added by Sec. 401(i) of the MSAct of 1959. See also Sec. 101(d) of the MS Appropriation Act, 1961, page 82.

committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

SEC. 535.[403] COOPERATION WITH NATIONS AND INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.[404]

(b) Whenever the President determines it to be consistent with and [405] in furtherance of the purposes and within the limitations of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, and on request of free [406] nations, are authorized to furnish nonmilitary supplies, materials, and services, to such organizations and nations on an advance of funds or reimbursement basis. Such advances, or reimbursements which are received under this subsection within one hundred and eighty days after the close of the fiscal year in which such supplies, materials, and services are delivered, may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.[407]

SEC. 536.[408] JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

SEC. 537.[409] PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for Chapter I [410]), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for:

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[403] 22 USC § 1795. The heading formerly read "Cooperation with International Organizations" and was changed by Sec. 10(e)(1) of the MSAct of 1956.

[404] For sections authorizing contributions to international organizations, see Secs. 104, 306, 405, 406, 407, 408 and 415 of this Act. Cf. Secs. 102, 131(a), 407 and 536 of this Act, as well as Sec. 418, which appears among the Repealed Provisions on page 93.

[405] The words "consistent with and" were added by Sec. 10(g) of the MSAct of 1957.

[406] The word "free" was added by Sec. 10(g) of the MSAct of 1957.

[407] This section was amended by Sec. 10(e)(2) of the MSAct of 1956. It formerly read: "Whenever the President determines it to be in furtherance of the purposes of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services on an advance of funds or reimbursement basis, to such organizations. Such advances or reimbursements may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used."

[408] 22 USC § 1796.

[409] 22 USC § 1797. This section was added by Sec. 9(f) of the MSAct of 1956.

[410] Sec. 501(29) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I".

(1) rents in the District of Columbia;[411]

(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

(3)[412] contracting with individuals for personal services abroad: *Provided*, That such individuals shall not be regarded as employees of the United States for the purpose of any law administered by the Civil Service Commission;[413]

(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 abroad for administrative purposes 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[414] in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the[415] United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment within the United States (not to exceed $15,000 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 an officer administering nonmilitary assistance, or such person as he may designate,[416] and every such certificate shall be deemed a sufficient voucher for the amount therein specified;[417]

(9) insurance of official motor vehicles in foreign countries;

(10)[418] rental or lease outside[419] the United States of offices, buildings, grounds, and living quarters to house personnel; main-

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[411] Sec. 401(f) of the MSAct of 1958 struck out the words "for the fiscal year 1958" which followed the word "Columbia".

[412] This paragraph was amended by Sec. 401(k) of the MSAct of 1960. It formerly read: "employment of aliens, by contract, for services abroad;".

[413] For other provisions concerning employment of personnel for services abroad, see Sec. 527 (c) and (d) of this Act.

[414] Sec. 401(j)(1) of the MSAct of 1959 substituted "$3,500" for "$3,300".

[415] Sec. 501(f) of the MSAct of 1960 struck out the word "continental" which appeared at this point.

[416] See Sec. 545(j) of this Act.

[417] See also Sec. 451 of this Act.

[418] This subsection was amended by Sec. 10(h)(3) of the MSAct of 1957. It formerly read as follows: "rental of quarters outside the continental limits of the United States to house employees of the United States Government (without regard to section 322 of the Act of June 30, 1932, as amended (40 USC 278a)), lease, necessary repairs and alterations to quarters;".

[419] Sec. 501(f) of the MSAct of 1960 struck out the words "the continental limits of" which appeared at this point.

tenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, 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 (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the [420] United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 and the following), not otherwise provided for; [421]

(15) ice and drinking water for use abroad;

(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U.S.C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the [420] 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 that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects

[420] Sec. 501(f) of the MSAct of 1960 struck out the word "continental" which appeared at this point.

[421] See also Sec. 527(c) of this Act.

(including automobiles) in connection with authorized travel,[422] under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

(b) United States Government agencies are authorized to pay the cost of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

(c) Notwithstanding the provisions of section 406(a) of Public Law 85–241, not to exceed $27,750,000 [423] of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed $4,250,000 [424] of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere.[425]

(d) [426] Funds made available under section 400(a) may be used for expenses (other than those provided for under section 411(b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

(e) [427] Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527(c)(2) of this Act (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 918,[428] Eighty-fourth Congress, 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 title 5, United States Code, section 62 and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency 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

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[422] Sec. 10(h)(4) of the MSAct of 1957 struck out the word "or" before subsection "(iii)" and added subsections "(iv)" and "(v)".

[423] Sec 401(f) of the MSAct of 1958 substituted the words to this point, beginning with "Notwithstanding" in lieu of "Not to exceed $18,000,000". Sec. 401(j)(2) of the MSAct of 1959 substituted "$27,750,000" for "$26,000,000"

[424] Sec. 401(1) of the MSAct of 1960 substituted "$4,250,000" for "$2,750,000".

[425] Sec. 401(f) of the MSAct of 1958 added this clause, beginning with the words "and not to exceed $2,750,000".

[426] Sec. 6 of the MSAct of 1957 redesignated subsection "(c)" of Sec. 201 as subsection "(d)" of Sec. 537. This subsection was amended by substituting the words "section 400(a)" for "this title" and "411(b)" for "411(c)".

[427] This subsection added by Sec. 10(6) of the MSAct of 1957.

[428] 7 USC § 1883.

such agency: *Provided, however*, That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.

(f)[429] During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered, and the methods used, in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered and methods used in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces.

SEC. 541.[430] EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;[431]

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;[432]

(3) the Foreign Aid Act of 1947;[433]

(4) the Foreign Assistance Act of 1948, as amended,[434] including the Economic Cooperation Act of 1948, as amended,[435] the International Children's Emergency Fund Assistance Act of 1948, as amended,[436] the Greek-Turkish Assistance Act of 1948,[437] and the China Aid Act of 1948, as amended;[438]

(5) the Mutual Defense Assistance Act of 1949, as amended;[439]

(6) the Foreign Economic Assistance Act of 1950, as amended;[440] including the Economic Cooperation Act of 1950,[441]

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[429] Sec. 401(j)(3) of the MSAct of 1959 amended this subsection, which formerly read: "During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, a detailed explanation of the method by which the proposed programs for each country have been arrived at shall be submitted, including all significant factors considered in arriving at such proposed programs."

[430] 22 USC § 1751 note.

[431] 22 USC § 1401.

[432] 22 USC §§ 1411–1417.

[433] 22 USC § 1411 note.

[434] 22 USC § 1501.

[435] 22 USC §§ 1501–1520.

[436] 22 USC § 1531 note.

[437] 22 USC §§ 1401–1410.

[438] 22 USC §§ 1541–1546 note.

[439] 22 USC §§ 1571–1584 note.

[440] 22 USC § 1501 note.

[441] 22 USC § 1501 note.

the China Area Aid Act of 1950, as amended,[442] the United Nations Palestine Refugee Aid Act of 1950,[443] and the Act for International Development, as amended;[444]

(7) the Far Eastern Economic Assistance Act of 1950, as amended;[445]

(8) the Yugoslav Emergency Relief Assistance Act of 1950;[446]

(9) the Mutual Security Act of 1951, as amended;[447]

(10) the Mutual Security Act of 1952;[448]

(11) the Mutual Security Act of 1953;[449]

(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U.S.C. 452);

(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U.S.C. 165); and

(14) section 968 of title 18, United States Code.

(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.[450]

(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to acts not named in subsection (a).[450]

SEC. 543.[451] 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 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where 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 substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110(a)(2) of the Economic Cooperation Act of 1948, as amended,[452] shall be converted to appointments under section 527(c) of this Act.

(d)[453] Funds appropriated pursuant to provisions of this Act repealed subsequent to the time such funds are appropriated[454] shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 or subsequent Acts[454] are hereby stricken out;

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[442] 22 USC § 1547 note.
[443] 22 USC §§ 1556–1556(b) note.
[444] 22 USC §§ 1557–1557(o) note.
[445] 22 USC §§ 1551–1552 note.
[446] 22 USC §§ 1558–1558(h) note.
[447] 22 USC §§ 1651–1675(p) note.
[448] 22 USC §§ 1651–1675(p) note.
[449] 22 USC § 1675(i) note.
[450] 22 USC § 1768 note.
[451] 22 USC § 1768.
[452] 22 USC § 1508(a)(2).
[453] Subsection (d) was added by Sec. 11(a) of the MSAct of 1957.
[454] Sec. 401(k) of the MSAct of 1959 substituted the words "subsequent to the time such funds are appropriated" for "by the Mutual Security Act of 1956, 1957, or 1958"; inserted "or subsequent Acts"; and struck out the last sentence, which read: "Until June

and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 or subsequent Acts are hereby amended to refer to the new designations.[454]

SEC. 544.[455] AMENDMENTS TO OTHER LAWS.[456]—(a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U.S.C. 281),[457] shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U.S.C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U.S.C. 841).

SEC. 545.[458] DEFINITIONS.—For the purposes of this Act—

(a) The term "commodity" includes any commodity, material, article, supply, or goods.

(b) The term "surplus agricultural commodity" means any agricultural commodity of 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 dollars, as determined by the Secretary of Agriculture.

(c) The terms "equipment" and "materials" shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter I,[459] or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair or rehabilitation of any equipment or materials, but shall not include merchant vessels.[460]

(d) The term "mobilization reserve" as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess" as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

30, 1958, funds used for the purposes of this Act shall be so used in accordance with the provisions of this Act as in effect prior to the date of enactment of the Mutual Security Act of 1958."

[455] 22 USC § 297a note, 7 USC § 1704 note.

[456] Sec. 11(b) of the MSAct of 1957 repealed subsections (a), (c), (d), (e), (f), (g), (h) and (i) and redesignated subsection "(b)" as subsection "(a)". Subsections (c) through (i) had been added by Sec. 11(a) of the MSAct of 1956. For text of repealed subsections see Repealed Provisions, page 72d. Sec. 401(h) of the MSAct of 1958 struck out subsections (b) and (c) (which deletions shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended).

[457] For text, see page 112.

[458] 22 USC § 1751.

[459] Sec. 501(31) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I".

[460] For limitation on the transfer of naval vessels, see Act of August 10, 1956, 70A Stat. 452, 10 USC § 7307(b).

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter I [461] the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter I [461] which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter I [461] which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter I [461] which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter I,[461] all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the Mutual Defense Assistance Program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of

[461] Sec. 501(32) of the MSAct of 1958 substituted "chapter I" in lieu of "chapter 1 of title I".

uniform applicability, that the term "value" (except in the case of excess equipment or material) shall mean—

(1) the price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or

(2) where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.[462]

(i) the term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

(j) [463] The term "agency administering nonmilitary assistance" shall refer to the Development Loan Fund and [464] any agency to which authorities and functions under [465] title I,[464] title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

(k) [463] The term "officer administering nonmilitary assistance" shall refer to the Board of Directors of the Development Loan Fund and [466] any officer to whom authorities and functions under [465] title 1,[466] title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

SEC. 546.[467] CONSTRUCTION.—(a) 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 the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011).[468]

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

SEC. 547.[469] REDUCTION OF AUTHORIZATIONS.— * * * (Repealed—1957)

SEC. 548.[470] UNEXPENDED BALANCES.—Unexpended balances of funds made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available

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[462] The portion of this subsection beginning with "Notwithstanding the foregoing provisions . . ." was added by Sec. 11(b)(1) of the MSAct of 1956.

[463] Subsections (j) and (k) of Sec. 545 were added by Sec. 11(b)(2) of the MSAct of 1956.

[464] Sec. 401(i)(1) of the MSAct of 1958 added the words "the Development Loan Fund and" and struck out the words "title II."

[465] Sec. 501(33) of the MSAct of 1958 struck out the words "chapter 3 of" following "under", and inserted "of chapter II or under chapter III" immediately after "title IV".

[466] Sec. 401(i)(2) of the MSAct of 1958 added the words "the Board of Directors of the Development Loan Fund and" struck out the words "title II,".

[467] 22 USC § 1752.

[468] Sec. 11(c) of the MSAct of 1957 substituted "Atomic Energy Act of 1954, as amended (42 USC 2011)" for "Atomic Energy Act of 1946, as amended (42 USC 1801)".

[469] For text, see Repealed Provisions, page 99.

[470] 22 USC § 1767a.

beginning in fiscal year 1957 for the same general purposes under the authority of this Act.[471]

SEC. 549.[472] SPECIAL PROVISIONS ON AVAILABILITY OF FUNDS.— * * * (Repealed—1959)

SEC. 550.[473] INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.[474]

SEC. 551.[473] LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses: *Provided, however*, That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411(b) and 411(c) of this Act.[475]

SEC. 552.[476] ASSISTANCE TO CUBA.—No assistance shall be furnished under this Act to Cuba after the date of enactment of the Mutual Security Act of 1960 unless the President determines that such assistance is in the national and hemispheric interest of the United States.

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[471] This section was amended by Sec. 11(c) of the MSAct of 1956. It formerly read as follows:

"Unexpected balances of funds heretofore made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1956 for the same general purposes under the authority of this Act: *Provided, however*, That unexpected balances in excess of $200,000,000 not obligated by June 30, 1955, in accordance with the provisions of section 1311 of the Supplemental Appropriation Act, 1955 (Public Law 663, Eighty-third Congress), or reserved in accordance with the provisions of section 110 of the Mutual Security Appropriation Act, 1955 (Public Law 778, Eighty-third Congress), are not authorized to be continued available after such date."

MS Appropriation Act, 1961, provides: "Unobligated balances of funds heretofore made available under authority of the Mutual Security Act of 1954, as amended, and available as of June 30, 1960, are, except as otherwise provided, hereby continued available for the fiscal year 1961, for the same general purposes for which appropriated."

[472] For text, see Repealed Provisions, page 100.

[473] Secs. 550 and 551 added by Sec. 401(m) of the MSAct of 1959.

[474] See also Sec. 131(a) and Sec. 533A(d) of this Act, and Sec. 101(d) of the MS Appropriation Act, 1961.

[475] This proviso was added by Sec. 4 of Public Law 86–735—"An Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes."

[476] Sec. 552 was added by Sec. 401(m) of the MSAct of 1960. See also Sec. 503(b) of this Act and Sec. 110 of the MS Appropriation Act, 1961. Cf. Sec. 111 of the MS Appropriation Act, 1961.

2. Mutual Security Act of 1955

Section 12—Partial Text of Public Law 138, 84th Congress [S. 2090], 69 Stat. 283, approved July 8, 1955

> NOTE.—Except for Section 12, the whole of the Mutual Security Act of 1955 consists of amendments to the Mutual Security Act of 1954.

AN ACT To amend the Mutual Security Act of 1954, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1955".

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SEC. 12. It is hereby declared to be the continuing sense of the Congress that the Communist regime in China has not demonstrated its willingness to fulfill the obligations contained in the Charter of the United Nations and should not be recognized to represent China in the United Nations.[1]

[1] Many similar expressions have been included in resolutions, Mutual Security authorization and appropriation acts since 1951.

3. Mutual Security Act of 1956

Sections 12, 13 and 14—Partial Text of Public Law 726, 84th Congress [H. R. 11356], 70 Stat. 555, approved July 18, 1956

NOTE.—Except for Sections 12, 13 and 14, the whole of the Mutual Security Act of 1956 consists of amendments to the Mutual Security Act of 1954, as amended.

AN ACT To amend further the Mutual Security Act of 1954, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1956".

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FOREIGN RESEARCH REACTOR PROJECTS

SEC. 12.[1] (a) As one means of furthering peaceful uses of atomic energy on an international basis, there is hereby authorized to be appropriated to the President for the fiscal year 1957 not to exceed $5,950,000 for use by the President, on such terms and conditions as he may specify, for research reactor projects undertaken or authorized by foreign governments which shall have entered into agreements for cooperation with the Government of the United States concerning the peaceful uses of atomic energy.

(b) Nothing in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954.

(c) The United States share of the cost of any reactor made available to another government or to other governments under this section shall not exceed $350,000.

(d) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States.[2] Such portions of the equipment furnished under this section as may be appropriately die-stamped as a product of the United States shall be so stamped.

SEC. 13.[3] It is the sense of Congress that not to exceed $11,000,000 of the funds made available pursuant to the Mutual Security Act of 1954, as amended, for the fiscal year 1957 be transferred, in the discretion of the President, to the Department of State to carry out international educational exchange activities. Such amount is authorized to be transferred to and consolidated with funds made available to the Department of State for the fiscal year 1957 for the activities

[1] 22 U. S. C. § 1939.
[2] See Executive Order 10575, as amended, page 122.
[3] 22 U. S. C. § 1753 note.

authorized by the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431–1479),[4] and by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)).[5] The amount transferred pursuant to this section shall be in addition to funds otherwise appropriated for such activities, and not to exceed $500,000 of the amount so transferred may be used for administrative expenses.

SEC. 14.[6] It is the sense of Congress that in the preparation of the mutual security program, the President should take fully into account the desirability of affirmatively promoting the economic development of under-developed countries, both as a means of effectively counteracting the increased political and economic emphasis of Soviet foreign policy and as a means of promoting fundamental American foreign policy objectives of political and economic self-determination and independence.

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[4] For text, see page 157.
[5] For text, see page 183.
[6] 22 U. S. C. § 1870.

4. Mutual Security Act of 1958

Sec. 503.—Partial Text of Public Law 85-477 [H. R. 12181], 72 Stat. 261, approved June 30, 1958

NOTE.—Except for Section 503, the whole of the Mutual Security Act of 1958 consists of amendments to the Mutual Security Act of 1954, as amended, and to other laws.

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1958".

* * * * * * *

COOPERATION IN WESTERN HEMISPHERE

SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development.

5. Mutual Security Act of 1959, as Amended

CHAPTERS V, VI AND VII—Partial Text of Public Law 86-108 [H.R. 7500], 73 Stat. 246, approved July 24, 1959

NOTE.—Except for Chapters V, VI and Sections 702 and 703, the whole of the Mutual Security Act of 1959 consists of amendments to the Mutual Security Act of 1954, as amended, and to other laws.

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1959".

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CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

INTERNATIONAL COOPERATION IN HEALTH

SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiences which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

(b) [1] * * *

[1] Subsection (b) repealed by Sec. 602 of the MSAct of 1960. It formerly read as follows:

"In order to carry out the purposes of subsection (a) of this section and in order to plan logically for an orderly expansion of United States support to international health activities, the President is authorized to undertake, in cooperation directly wtih other governments, or indirectly through utilizing the resources and services of the United Nations and the Organization of American States or any of their specialized agencies, programs and projects of research, studies, field surveys, trials, and demonstrations to determine the feasibility of future intensive programs for reduction, control, or eradication of disease problems of international importance. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of $2,000,000 shall be available to carry out the purposes of this section."

COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

STATEMENT OF PURPOSE

SEC. 601. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

ESTABLISHMENT OF CENTER

SEC. 602. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program for—

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;

(3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

(4) making the facilities of the Center available for study to other qualified persons on reasonable basis.

AUTHORIZATION OF APPROPRIATIONS

SEC. 603. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.

Chapter VII—Amendments to Other Laws and Miscellaneous Provisions

AMENDMENTS TO OTHER LAWS

Sec. 701. * * *

EXPENSES OF ANNUAL MEETING OF NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE

Sec. 702. There is authorized to be appropriated the sum of $100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to this authorization shall be disbursed on vouchers jointly approved by the chairmen of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

UNITED STATES PARTICIPATION IN WORLD REFUGEE YEAR

Sec. 703. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of $10,000,000 shall be available for United States participation in World Refugee Year. Such sum shall be available for allocation by the President for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, and shall be used primarily in furtherance of permanent solutions of the problems of such groups and in alleviating their urgent emergency needs.

6. Mutual Security Act of 1960

CHAPTERS VI, VII AND VIII—Partial Text of Public Law 86–472 [H.R. 11510], 74 Stat. 134, approved May 14, 1960

NOTE.—Except for Sec. 604 and Chapters VII and VIII, the whole of the Mutual Security Act of 1960 consists of amendments to the Mutual Security Act of 1954, as amended, and to other laws. Sec. 602 repealed Sec. 501(b) of the MSAct of 1959, which relates to international cooperation in health.

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1960".

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CHAPTER VI—AMENDMENTS TO OTHER LAWS

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SEC. 604. The President shall have a study made of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities, including the Department of State, the International Cooperation Administration, the Development Loan Fund, the Export-Import Bank, and the Department of Agriculture, with a view to providing the most effective means for the formulation and implementation of the United States foreign economic policies. The President shall include in his presentation to the Congress of the fiscal year 1962 mutual security program his findings and recommendations resulting from such study.

CHAPTER VII—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST [1]

SEC. 701. This chapter may be cited as the "Center for Cultural and Technical Interchange Between East and West Act of 1960".

SEC. 702. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study, training, and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West where scholars and students in various fields from the nations of the East and West may study, give and receive training, exchange

[1] See Chapter VI of the Mutual Security Act of 1959, page 74.

ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, title III of chapter II of the Mutual Security Act of 1954, and other Acts promoting the international, educational, cultural, and related activities of the United States.

SEC. 703. In order to carry out the purpose of this chapter the Secretary of State (hereinafter referred to as the "Secretary") shall provide for—

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West, through arrangements with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and West as may be necessary to attract such scholars and authorities to the Center;

(3) grants, scholarships, and other payments to qualified students from the nations of the East and West as may be necessary to enable such students to engage in study or training at the Center; and

(4) making the facilities of the Center available for study or training to other qualified persons.

SEC. 704. (a) In carrying out the provisions of this chapter, the Secretary may utilize his authority under the provisions of the United States Information and Educational Exchange Act of 1948, as amended.

(b) The Secretary may, in administering the provisions of this chapter, accept from public and private sources money and property to be utilized in carrying out the purposes and functions of the Center. In utilizing any gifts, bequests, or devices accepted there shall be available to the Secretary the same authorities as are available to him in accepting and utilizing gifts, bequests, and devices to the Foreign Service Institute under the provisions of the title X, part C of the Foreign Service Act of 1946, as amended. For the purposes of Federal income, estate, and gift taxes, any gift, device, or bequest accepted by the Secretary under the authority of this chapter shall be deemed to be a gift, devise, or bequest to or for the use of the United States.

(c) The Secretary shall make an annual report to the Congress with respect to his activities under the provisions of this chapter, and such report shall include any recommendations for needed revisions in this chapter.

SEC. 705. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.

CHAPTER VIII—HEMISPHERE CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE

STATEMENT OF PURPOSE

SEC. 801. The purpose of this chapter is to promote better relations and understanding between the United States and the other nations of the Western Hemisphere (hereinafter referred to as "the Hemisphere") through cooperative study and research, by establishing in

Puerto Rico a Hemispheric Center for Cultural and Technical Interchange, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the Hemisphere may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

ESTABLISHMENT OF CENTER

SEC. 802. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as "Secretary"), after consultation with appropriate public and private authorities, may, on or before January 3, 1961, prepare and submit to the Congress a plan and program for—

(1) the establishment and operation in Puerto Rico of an educational institution to be known as the Hemispheric Center for Cultural and Technical Interchange through arrangements to be made with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the Hemisphere as may be necessary to attract such scholars and authorities to the Center;

(3) grants, scholarships, and other payments to qualified candidates from the nations of the Hemisphere as may be necessary to enable such students to engage in study at the Center; and

(4) making the facilities of the Center available for study to other qualified persons on reasonable basis.

7. Mutual Security and Related Agencies Appropriation Act, 1961

Text of Public Law 86–704 [H.R. 12619], 74 Stat. 776, approved September 2, 1960

AN ACT Making appropriations for Mutual Security and related agencies for the fiscal year ending June 30, 1961, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1961, namely:

TITLE I—MUTUAL SECURITY

Funds Appropriated to the President

For expenses necessary to enable the President to carry out the provisions of the Mutual Security Act of 1954, as amended,[1] to remain available until June 30, 1961, unless otherwise specified herein, as follows:

MILITARY ASSISTANCE

For expenses as authorized by section 103(a) of the Mutual Security Act of 1954, as amended, necessary to enable the President to carry out the purposes of chapter I of such Act (including administrative expenses as authorized by section 103(b) of such Act, which shall not exceed $24,000,000 for the current fiscal year, and purchase for replacement only of passenger motor vehicles for use outside the United States), $1,800,000,000.

ECONOMIC ASSISTANCE

Defense support: For assistance authorized by section 131(b), $610,000,000, including not less than $35,000,000 for Spain.

> NOTE.—Second Supplemental Appropriation Act, 1961 (Public Law 86–722 [H.R. 13161], 74 Stat. 821, approved September 8, 1960, provides: "For an additional amount for defense support, as authorized by section 131(b) of the Mutual Security Act of 1954, as amended, $65,000,000."

Technical cooperation, general authorization: For assistance authorized by section 304, $150,000,000: *Provided*, That no part of this appropriation shall be used to initiate any project or activity which has not been justified to the House of Representatives and the Senate.

United Nations expanded program of technical assistance and related fund: For contributions authorized by section 306(a), $33,000,000.

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[1] For text, see page 1.

Technical cooperation programs of the Organization of American States: For contributions authorized by section 306(b), $1,300,000.

Special assistance, general authorization: For assistance authorized by section 400(a), $230,000,000.

Special assistance, special authorization: For assistance authorized by section 400(c) for hospital construction, $1,500,000 to be used to purchase foreign currencies which the Department of the Treasury may determine to be excess to the normal requirements of the United States.

Intergovermental Committee for European Migration: For contributions authorized by section 405(a), $6,700,000: *Provided*, That no funds herein appropriated shall be used to assist directly in the migration to any nation in the Western Hemisphere of any person not having a security clearance based on reasonable standards to insure against Communist infiltration in the Western Hemisphere: *And provided further*, That no funds herein appropriated shall be used to pay transportation costs of any doctor or immigrant inspector or for any space not required to be allotted by the applicable U.S. maritime laws and regulations.

Program of United Nations High Commissioner for Refugees: For contributions authorized by section 405(c), $1,300,000.

Escapee program: For assistance authorized by section 405(d), $3,350,000.

United Nations Children's Fund: For contributions authorized by section 406, $12,000,000.

United Nations Relief and Works Agency: For contributions and expenditures authorized by section 407, $16,500,000.

North Atlantic Treaty Organization science program: For contributions authorized by section 408(a), $1,200,000.

Ocean freight charges, United States voluntary relief agencies: For payments authorized by section 409(c), $2,000,000.

General administrative expenses: For expenses authorized by section 411(b), $38,000,000.

Administrative and other expenses: For expenses authorized by section 411(c), $8,000,000.

Atoms for peace: For assistance authorized by section 419, $1,400,000.

Office of the Inspector General and Comptroller: Not to exceed $1,200,000 of the funds appropriated in this title shall be available to carry out the provisions of section 533A of the Mutual Security Act of 1954, as amended.

CONTINGENCIES

President's special authority and contingency fund: For assistance authorized by section 451(b), $250,000,000: *Provided*, That none of the funds appropriated in this paragraph shall be used for any project or activity for which an estimate has been submitted to Congress and which estimate has been rejected: *Provided further*, That none of the funds appropriated in this paragraph may be used to finance contributions to the United Nations for a program in any country in Africa in excess of 40 per centum of the total contributions to the United Nations for such program.

Unobligated balances of funds heretofore made available under authority of the Mutual Security Act of 1954, as amended, and available as of June 30, 1960, are, except as otherwise provided, hereby continued available for the fiscal year 1961, for the same general purposes for which appropriated.[2]

Corporation

The Development Loan Fund is hereby authorized to make such expenditures within the limits of funds available to it, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided in section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the budget for the current fiscal year for such corporation, except as hereinafter provided:

DEVELOPMENT LOAN FUND

For advances to the Development Loan Fund as authorized by section 203, $550,000,000, to remain available until expended.

LIMITATION ON ADMINISTRATIVE EXPENSES, DEVELOPMENT LOAN FUND

Not to exceed $1,800,000 of the funds of the Development Loan Fund shall be available during the current fiscal year for administrative expenses of the Fund covering the categories set forth in the current fiscal year budget estimates for such expenses.

General Provisions

Sec. 101. (a) Within sixty days following the date of enactment of this Act, the President shall transmit to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives a report containing a full and complete revision of the data presented to such committees in justification of appropriations requested for the mutual security program for the fiscal year 1961, showing any changes in such program approved subsequent to such presentation, including changes necessary to reflect actual appropriations for the program.

(b) Within thirty days following the approval of any change in the mutual security program for the fiscal year 1961, which will result in furnishing assistance of a kind, for a purpose, in an area, or in an amount, different from that described in the report transmitted under subsection (a), and which involves $1,000,000 or more, or 5 per centum of the amount appropriated under any paragraph of this title whichever is the lesser, the President shall transmit to the Committee

[2] At this point, the MS Appropriation Act, 1960, provided:
"Funds appropriated under each paragraph of this title (other than appropriations under the head of military assistance), including unobligated balances continued available, and amounts certified pursuant to section 1311 of the Supplemental Appropriation Act, 1955, as having been obligated against appropriations heretofore made for the same general purpose as such paragraph, which amounts are hereby continued available (except as may otherwise be specified in this title) for the same period as the respective appropriations in this title for the same general purpose, may be consolidated in one account for each paragraph."

on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives a full and complete report of such change and the reasons therefor.

(c) This section shall not apply to programs authorized by section 451 of the Mutual Security Act of 1954, as amended.

(d) None of the funds herein appropriated shall be used to carry out any provision of chapter II, III, or IV of the Mutual Security Act of 1954, as amended, 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, or any duly authorized subcommittee thereof, charged with considering mutual security legislation, appropriations, or expenditures, has delivered to the office of the head of any department or 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 or subcommittee, 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 such request and his reason for so doing.[3]

SEC. 102. None of the funds herein appropriated for Defense Support, the Development Loan Fund, Special Assistance, or the President's Special Authority and Contingency Fund shall be used to finance the construction of any new flood control, reclamation, or other water or related land resource project or program which has not met the standards and criteria used in determining the feasibility of flood control, reclamation and other water and related land resource programs and projects proposed for construction within the United States of America as per circular A–47 of the Bureau of the Budget, dated December 31, 1952.

SEC. 103. Obligations made from funds herein appropriated for engineering and architectural fees and services to any individual or group of engineering and architectural firms on any one project in excess of $25,000 shall be reported to the Committees on Appropriations of the Senate and House of Representatives at least twice annually.

SEC. 104. Except for the appropriations entitled "President's special authority and contingency fund" and "Development Loan Fund," not more than 20 per centum of any appropriation item made available by this title shall be obligated and/or reserved during the last month of availability.

SEC. 105. None of the funds herein appropriated nor any of the counterpart funds generated as a result of assistance hereunder or any prior Act shall be used to pay pensions, annuities, retirement pay or adjusted service compensation for any persons heretofore or hereafter serving in the armed forces of any recipient country.

SEC. 106. None of the funds herein appropriated shall be used to finance any of the activities under the Investment Incentive Fund Program.

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[3] See Secs. 131(a), 533A(d) and 550, MSAct of 1954, as amended, pages 10, 58, and 68.

SEC. 107. The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China, and it is hereby declared to be the continuing sense of the Congress that the Communist regime in China has not demonstrated its willingness to fulfill the obligations contained in the Charter of the United Nations and should not be recognized to represent China in the United Nations. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.[4]

SEC. 108. It is the sense of Congress that any attempt by foreign nations to create distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally is repugnant to our principles; and in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this title these principles shall be applied as the President may determine.

SEC. 109. The appropriations and authority with respect thereto in this Act shall be available from July 1, 1960, for the purposes provided in such appropriations and authority. All obligations incurred during the period between June 30, 1960, and the date of enactment of this Act in anticipation of such appropriations and authority are hereby ratified and confirmed if in accordance with the terms thereof.

SEC. 110. None of the funds provided in this title shall be available for assistance to any country, the government of which sells arms, ammunition, or implements of war to the Castro regime, or which furnishes, by grant or loan, any military or economic aid to that regime, unless the President determines that the withholding of such assistance to such country would be contrary to the national interest.

SEC. 111. None of the funds provided in this title shall be available for assistance to any country the government of which sells arms, ammunition, or implements of war to any country in Latin America being subjected to economic or diplomatic sanctions by the Organization of American States, unless the President determines that the withholding of such assistance to such country would be contrary to the national interest.

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[4] See Sec. 101, MSAct of 1954, as amended, page 4.

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TITLE IV

SEC. 401. This Act may be cited as the "Mutual Security and Related Agencies Appropriation Act, 1961".

NOTE.—*Section 108 of the Mutual Security Appropriation Act, 1956, as amended by section 106 of the Mutual Security Appropriation Act, 1957, reads as follows:*

"SEC. 108. Funds heretofore or hereafter allocated to the Department of Defense from any appropriation for military assistance (including funds consolidated with any such appropriation but excepting funds obligated directly against any such appropriation for offshore procurement or other purposes) shall be accounted for by geographic area and by country solely on the basis of the value of materials delivered and services performed (such value to be determined in accordance with the applicable provisions of law governing the administration of military assistance). Within the limits of amounts available from funds so allocated, the Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursement from such allocations, and no funds so allocated and available shall be withdrawn by administrative action until the Secretary of Defense shall certify that they are not required for liquidation of obligations so incurred. Unobligated amounts of such allocations equal to the value of orders placed with the military departments against such allocations shall be reserved and shall remain available during the two succeeding fiscal years for making such reimbursements (except in case of funds obligated directly against such allocations) only upon the basis of materials delivered and services rendered: *Provided*, That reports of items to be delivered against funds reserved as provided herein shall be furnished quarterly by the Secretary of Defense to the Committees on Appropriations of the Senate and the House of Representatives and, not less often than once each quarter, said Secretary shall make a detailed report to the Committees on Appropriations of the Senate and the House of Representatives, on a delivery or service-rendered basis, on all military assistance funds allocated and available to the Department of Defense as of the end of the preceding quarter: *Provided further*, That no reimbursements for materials or services shall be made after June 30, 1955, until the value of materials delivered and services performed shall equal the amount of expenditures made from all appropriations herein and heretofore made for military assistance as of said date: *Provided, however*, That not to exceed $302,000,000 of any reimbursement heretofore made by the Air Force to military assistance appropriations as of June 30, 1955, pursuant to the provisions of this section shall be considered null and void and materials and services of an equivalent amount shall

be delivered or performed by the Air Force for military assistance purposes without reimbursement: *Provided further*, That in the event the President shall determine that supplies and equipment ordered against funds so allocated are required for the defense of the United States, the amount allocated for supplies and materials required for such purpose shall be returned to the appropriation from which allocated: *Provided further*, That funds appropriated under the authority of the Mutual Security Act of 1954, as amended, for military assistance (including specified amounts of unobligated balances and funds consolidated with any such appropriations), amounts certified pursuant to section 1311 of the Supplemental Appropriation Act, 1955, and, where authorized by the President, funds made available to the Department of Defense under section 401 of the Mutual Security Act of 1954, as amended, shall be maintained in one account which shall be used for all transactions involving military assistance during the current fiscal year and no expenditure shall be made from such account except as may be within the limits of the sum of the amounts mentioned in this proviso: *Provided further*, That nothing in this Act shall be construed as making any appropriation or fund available for obligation after the end of the current fiscal year except as may be necessary for reimbursements authorized herein.

"Section 110 of the Act of September 3, 1954 (Public Law 778) is hereby repealed."

Section 110 of the Mutual Security Appropriation Act, 1955, contained comparable provisions relating to accounting procedures for military assistance funds.

NOTE.—*Section 108 of the Mutual Security Appropriation Act, 1959, reads as follows:*

"SEC. 108. Not to exceed 50 per centum of the foreign currencies heretofore generated in any country under section 402 of the Mutual Security Act of 1954, as amended, may, notwithstanding prior provisions of law, hereafter be used in accordance with the provisions of that section: *Provided*, That quarterly reports of the use of foreign currencies pursuant to this section shall be submitted to the Committees on Appropriations of the Senate and House of Representatives."

8. Joint Resolution

[TEMPORARY APPROPRIATIONS FOR 1961]

Text of Public Law 86-569 [H.J. Res. 778], 74 Stat. 306, approved July 2, 1960

JOINT RESOLUTION making temporary appropriations for the fiscal year 1961, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government, namely:

SEC. 101. (a) (1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1960 and for which appropriations, funds, or other authority would be available in the following appropriation Acts for the fiscal year 1961:

Legislative Branch Appropriation Act;
General Government Matters Appropriation Act;
Independent Offices Appropriation Act;
Department of Defense Appropriation Act;
Departments of Labor, and Health, Education, and Welfare Appropriation Act;
Military Construction Appropriation Act;
Mutual Security and Related Agencies Appropriation Act.[1]
Departments of State and Justice, the Judiciary, and Related Agencies Appropriation Act;
Public Works Appropriation Act; and the
Supplemental Appropriation Act.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided for by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed by the House is different from that which would be made available or granted under such Act as passed by the Senate, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an Act listed in this subsection has been passed by only one House or where an item is included in only one version of an Act as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, funds, or authority granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever

[1] See MS Appropriation Act, 1961, Sec. 109.

is lower: *Provided*, That no provision which is included in any appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act for the fiscal year 1960, and which by its terms is applicable to more than one appropriation, fund, or authority, shall be applicable to any appropriation, fund, or authority provided in this joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate.

(b) Such amount as may be necessary for continuing projects or activities which were conducted in the fiscal year 1960 and listed in this subsection at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate, whichever is lower:

Department of Commerce: Bureau of Public Roads: Forest highways (liquidation of contract authorization).

SEC. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) August 31, 1960, whichever first occurs.

SEC. 103. Appropriations and funds made available and authority granted pursuant to this joint resolution may be used without regard to the time limitations set forth in subsection (d) (2) of section 3679 of the Revised Statutes, as amended, and expenditures therefrom shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 104. No appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity which was not being conducted during the fiscal year 1960. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

9. Supplemental Appropriation Act, 1953

Partial Text of Public Law 547, 82d Congress [H. R. 8370], 66 Stat. 637, approved July 15, 1952

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Chapter XIV—General Provisions

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Sec. 1415. Foreign credits owed to or owned by the United States Treasury will not be available for expenditure by agencies of the United States after June 30, 1953, except as may be provided for annually in appropriation Acts and provisions for the utilization of such credits for purposes authorized by law are hereby authorized to be included in general appropriation Acts.

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Note.—Executive Order 10488 of September 23, 1953, 18 F. R. 5699, authorizes the Secretary of the Treasury to issue regulations governing the purchase, custody, transfer or sale of foreign exchange by agencies of the United States. See also sec. 626 of the Department of Defense Appropriation Act, 1956, Public Law 157, 84th Congress, 69 Stat. 301, 319.

10. Supplemental Appropriation Act, 1955

Partial Text of Public Law 663, 83d Congress [H. R. 9936], 68 Stat. 800, approved August 26, 1954, as amended by Public Law 86-79 [H. R. 7176], 73 Stat. 167, approved July 9, 1959

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Chapter XIII—General Provisions

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Sec. 1311. (a) After the date of enactment hereof no amount shall be recorded as an obligation of the Government of the United States unless it is supported by documentary evidence of—

(1) a binding agreement in writing between the parties thereto, including Government agencies, in a manner and form and for a purpose authorized by law, executed before the expiration of the period of availability for obligation of the appropriation or fund concerned for specific goods to be delivered, real property to be purchased or leased, or work or services to be performed; or

(2) a valid loan agreement, showing the amount of the loan to be made and the terms of repayment thereof; or

(3) an order required by law to be placed with a Government agency; or

(4) an order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency or for perishable subsistence supplies or within specific monetary limitations; or

(5) a grant or subsidy payable (i) from appropriations made for payment of or contributions toward, sums required to be paid in specific amounts fixed by law or in accord with formulae prescribed by law, or (ii) pursuant to agreement authorized by, or plans approved in accord with and authorized by, law; or

(6) a liability which may result from pending litigation brought under authority of law; or

(7) employment or services of persons or expenses of travel in accord with law, and services performed by public utilities; or

(8) any other legal liability of the United States against an appropriation or fund legally available therefor.

(b)[1] Hereafter, in connection with the submission of all requests for proposed appropriations to the Bureau of the Budget, the head

[1] Sec. 210 of the General Government Matters Appropriation Act, 1960, amended this subsection, which formerly read:

"(b) Not later than September 30 of each year, the head of each Federal agency shall report, as to each appropriation or fund under the control of such agency, the amount thereof remaining obligated but unexpended and the amount thereof remaining unobligated on June 30 of such year and copies of such report shall be forwarded by him to the chairman of the Committees on Appropriations of the Senate and the House of Representatives, to the Comptroller General of the United States, and to the Director of the Bureau of the Budget: *Provided*, That such report for the fiscal year ending June 30, 1954, shall be made not later than December 31, 1954, and shall include only such obligations as could have been recorded under the provisions of subsection (a) hereof."

of each Federal agency shall report that any statement of obligations furnished therewith consists of valid obligations as defined in subsection (a) hereof.

(c) Each report made pursuant to subsection (b) shall be supported by certifications of the officials designated by the head of the agency, and such certifications shall be supported by records evidencing the amounts which are reported therein as having been obligated. Such certifications and records shall be retained in the agency in such form as to facilitate audit and reconciliation for such period as may be necessary for such purposes. The officials designated by the head of the agency to make certifications may not redelegate the responsibility.

(d) No appropriation or fund which is limited for obligation purposes to a definite period of time shall be available for expenditure after the expiration of such period except for liquidation of amounts obligated in accord with subsection (a) hereof; but no such appropriation or funds shall remain available for expenditure for any period beyond that otherwise authorized by law.

(e) Any statement of obligation of funds furnished by any agency of the Government to the Congress or any committee thereof shall include only such amounts as may be valid obligations as defined in subsection (a) hereof.

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11. General Government Matters Appropriation Act, 1961

Partial text of Public Law 86-642 [H.R. 11389], 74 Stat. 473, 478, approved July 12, 1960

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TITLE II—GENERAL PROVISIONS

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SEC. 208. Pursuant to section 1415 of the Act of July 15, 1952 (66 Stat. 662),[1] foreign credits (including currencies) owed to or owned by the United States may be used by Federal agencies for any purpose for which appropriations are made for the current fiscal year (including the carrying out of Acts requiring or authorizing the use of such credits),[2] only when reimbursement therefor is made to the Treasury from applicable appropriations of the agency concerned: *Provided*, That such credits received as exchange allowances or proceeds of sales of personal property may be used in whole or part payment for acquisition of similar items, to the extent and in the manner authorized by law, without reimbursement to the Treasury: *Provided further*, That nothing in section 1415 of the Act of July 15, 1952, or in this section shall be construed to prevent the making of new or the carrying out of existing contracts, agreements, or executive agreements for periods in excess of one year, in any case where such contracts, agreements, or executive agreements for periods in excess of one year were permitted prior to the enactment of this Act under section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)(2)), and the performance of all such contracts, agreements, or executive agreements shall be subject to the availability of appropriations for the purchase of credits as provided by law.

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[1] For text, see page 88.

[2] The words "and for liquidation of obligations legally incurred against such credits prior to July 1, 1953" appeared at this point in previous General Government Matters Appropriation Acts, 1956–1959, and the Supplemental Appropriation Act, 1955.

12. Repealed Provisions of the Mutual Security Act of 1954, as Amended

The following are sections of the Mutual Security Act of 1954, as amended, which have been repealed by the Mutual Security Acts of 1955, 1956, 1957, 1958 and 1959 and have not been replaced by successor provisions dealing with the same general subject matter.

REPEALED BY MUTUAL SECURITY ACT OF 1955

SEC. 103. * * *

(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;

(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

(4) Delays in delivery incompatible with United States defense objectives.

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SEC. 503. * * *

(b) (1) After June 30, 1955, none of the authority conferred by this Act may be exercised for the purpose of carrying out any function authorized by title II; except that during the twelve months following such date (i) funds which have been obligated on or before that date shall remain available for expenditure, (ii) equipment, materials, commodities, and services with respect to which funds have been obligated on or before such date for procurement for, shipment to, or delivery in a recipient country may be transferred to such country, and (iii) funds appropriated under authority of this Act may be obligated (A) for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer and (B) for the necessary expenses of liquidating operations incident to such functions.

(2) At such times as the President shall find appropriate, the powers, duties, and authority conferred by this Act with respect to such function may be transferred for the purpose of liquidation to

such other United States Government agencies as the President shall specify, and the relevant funds, records, property, and personnel may be transferred to the agencies to which the related functions are transferred.

REPEALED BY MUTUAL SECURITY ACT OF 1956

SEC. 418. PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT.—(a) The Congress of the United States reaffirms the policy of the United States to contribute to international peace and security through assisting the peoples of free Asia in their efforts to attain economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence. The Congress hereby recognizes that fundamental to these goals is an expanding economic growth of the free Asian area based upon self-help and mutual cooperation and full utilization of already existing resources and knowledge. The Congress expresses the willingness of the people of the United States to support the foregoing objectives to the extent to which the countries in the area continue to make effective use of their own resources and external resources otherwise available to them.

(b) In order to carry out the purposes of this section, there is hereby authorized to be established a fund, to be known as the "President's Fund for Asian Economic Development" (hereinafter referred to as the Fund), and there is hereby authorized to be appropriated to the President for the Fund an amount of $200,000,000, such amount to remain available until June 30, 1958.

(c) The President is authorized to utilize the appropriations made available for the Fund to accomplish in the free Asian area the policies and purposes declared in this Act and to disburse them on such terms and conditions, including transfer of funds, as he may specify to any person, corporation, or other body of persons however designated, or to any friendly foreign government, agency, or organization or group of friendly governments or agencies as may be appropriate: *Provided, however*, That such assistance shall emphasize loans rather than grants wherever possible, and not less than 50 per centum of the funds appropriated pursuant to this section shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505, and not more than 25 per centum of said funds may be allocated for assistance to any one nation.

(d) In utilizing the Fund the President shall give preference to projects or programs that will clearly contribute to promoting greater economic strength in the area as a whole or among a group or groups of countries of the area.

REPEALED BY MUTUAL SECURITY ACT OF 1957

SEC. 108. TRANSFER OF MILITARY EQUIPMENT TO JAPAN.—In addition to any program of military assistance for which funds may be appropriated pursuant to this Act, the President is hereby authorized to transfer to the Government of Japan, until June 30, 1956, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programmed for Japan to meet its internal security requirements for which Depart-

ment of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any United States Government agency on account of any transfer made pursuant to this section.

* * * * * * *

CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

SEC. 121. SOUTHEAST ASIA AND THE WESTERN PACIFIC.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed $700,000,000 for expenses necessary for the support of the forces of nations in the area of Southeast Asia, including the furnishing, as far as possible, of direct assistance to the Associated States of Cambodia, Laos, and Vietnam as well as to the forces of other free nations in the area including those of France located in such Associated States and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in this Act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section. Assistance under this title shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to this section, excluding unexpended balances of prior appropriations) to other nations, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within thirty days.

It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed $35,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102

of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

SEC. 123. COMMON USE ITEMS.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed $60,000,000 for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

SEC. 124. DIRECT FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year 1956 not to exceed $317,200,000 to provide assistance in the form of direct forces support to be delivered or rendered directly to the military forces of nations eligible for military assistance under chapter 1 of this title. The President may, notwithstanding the provisions of section 501, consolidate all or any part of appropriations made pursuant to this section with appropriations made pursuant to section 103. Programs authorized by this section may be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

* * * * * * *

SEC. 132. KOREAN PROGRAM.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed $205,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to section 409 of this Act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea," chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea," title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to twenty-four months from the date of enactment of this Act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, not more than eight C1–M–AV1 vessels. Any agency of the United States Government owning or operating such vessels is authorized to make such vessels available for the purpose of this subsection: *Provided*, That if after investigation it is determined by the President that there are privately owned C1–M–AV1 vessels offered and available for sale by American citizens as defined in section 2 of the Shipping Act, 1916, as amended, at prices equal to or less than those provided for in subsection (b) (2) below, such vessels shall be acquired by an owning or operating agency designated by the Presi-

dent for the purpose of this subsection. Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection.

(2) Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C. App. 1736): *Provided*, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed $3,452,615 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this Act shall not apply with respect to assistance furnished under this subsection.

(d) To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section.

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SEC. 412. CHINESE AND KOREAN STUDENTS.—Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.

* * * * * * *

SEC. 419. WORLD HEALTH ORGANIZATION.—Section 3 (a) of Public Law 643, Eightieth Congress, approved June 14, 1948, as amended, is hereby amended to read as follows:

"(a) such sums as may be necessary for the payment by the United States of its share of the expenses of the Organization as apportioned by the Health Assembly in accordance with article 56 of the constitution of the Organization, except that payments by the United States for any fiscal year of the Organization after 1958 shall not exceed

33⅓ per centum of the total assessments of active members of the Organization for such fiscal year; and".

* * * * * * *

SEC. 421. FOOD AND AGRICULTURE ORGANIZATION.—Public Law 174, Seventy-ninth Congress, as amended by section 1 (b) of Public Law 806, Eighty-first Congress, is hereby further amended by striking out the figure "$2,000,000" in section 2 thereof and inserting in lieu thereof the figure "$3,000,000", and by inserting before the period at the end of such section a colon and the following: "*Provided*, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 31.5 per centum."

* * * * * * *

SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

"INFORMATIONAL MEDIA GUARANTIES

"SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 415 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to Section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided, however*, That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed $10,000,000."

* * * * * * *

(c) In section 4 of the Act of May 26, 1949 (63 Stat. 111, 5 U. S. C. 151c), insert after the words "such functions" the following: ", including if he shall so specify the authority successively to redelegate any of such functions,".

(d) In the first sentence of section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b) (2)), after "any agency thereof", insert "including amounts received in repayment of principal or interest on any loan made under section 505 (b) of the Mutual Security Act of 1954, as amended".

(e) Section 933 of the Foreign Service Act of 1946, as amended (22 U. S. C. 1148), is hereby amended by inserting after "continental United States" where it appears in both subsection (a) and subsection (b) of that section ", its Territories and possessions,".

(f) Section 1441 (c) of the Internal Revenue Code of 1954 is hereby amended by inserting after paragraph (5) the following new paragraph:

"(6) PER DIEM OF CERTAIN ALIENS.—No deduction or withholding under subsection (a) shall be required in the case of amounts of per diem for subsistence paid by the United States Government (directly or by contract) to any nonresident alien individual who is engaged in any program of training in the United States under the Mutual Security Act of 1954, as amended."

(g) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1442), is amended by inserting "(a)" before "The Director", by deleting everything after the words "national interests of the United States", by inserting a period at that point, and by inserting the following new subsections:

"(b) The Director is authorized to assume the obligation of not to exceed $28,000,000 of the notes authorized to be issued pursuant to subsection 111 (c) (2) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1509 (c) (2)), together with the interest accrued and unpaid thereon, and to obtain advances from time to time from the Secretary of the Treasury up to such amount, less amounts previously advanced on such notes, as provided for in said notes. Such advances shall be deposited in a special account in the Treasury available for payments under informational media guaranties.

"(c) The Director is authorized to make informational media guaranties without regard to the limitations of time contained in subsection 413 (b) (4) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4)), but the total of such guaranties outstanding at any one time shall not exceed the sum of the face amount of the notes assumed by the Director less the amounts previously advanced on such notes by the Secretary of the Treasury plus the amount of the funds in the special account referred to in subsection (b).

"(d) Foreign currencies available after June 30, 1955, from conversions made pursuant to the obligation of informational media guaranties may be sold, in accordance with Treasury Department regulations, for dollars which shall be deposited in the special account and shall be available for payments under new guaranties. Such currencies shall be available, as may be provided for by the Congress in appropriation Acts, for use for educational, scientific, and cultural purposes which are in the national interest of the United States, and for such other purposes of mutual interest as may be agreed to by the governments of the United States and the country from which the currencies derive.

"(e) Notwithstanding the provisions of subparagraph 413 (b) (4) (E) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4) (E)), (1) fees collected for the issuance of informational media guaranties shall be deposited in the special account and shall be available for payments under informational media guaranties; and (2) the Director may require the payment of a minimum charge of up to fifty dollars for issuance of guaranty contracts, or amendments thereto.

"(f) The Director is further authorized, under such terms as he may prescribe, to make advance payments under informational media guaranties: *Provided*, That currencies receivable from holders of such guaranties on account of such advance payments shall be paid to the United States within nine months from the date of the advance payment and that appropriate security to assure such payments is required before any advance payment is made.

"(g) As soon as feasible after the enactment of this subsection, all assets, liabilities, income expenses, and charges of whatever kind pertaining to informational media guaranties, including any charges against the authority to issue notes provided in section 111 (c) (2)

of the Economic Cooperation Act of 1948, as amended, cumulative from the enactment of that Act, shall be accounted for separately from other guaranties issued pursuant to subsection 413 (b) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b)): *Provided*, That there shall be transferred from the special account established pursuant to subsection (b), into the account available for payments under guaranties other than informational media guaranties, an amount equal to the total of the fees received for the issuance of guaranties other than informational media guaranties, and used to make payments under informational media guaranties."

(h) Section 104 (h) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), is amended by adding at the end thereof the following: "In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes."

(i) Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress; 7 U. S. C. 1704), as amended, is further amended by adding after paragraph (h) the following new paragraph:

> "(i) for financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided*, That not more than $5,000,000 may be allocated for this purpose during any fiscal year."

* * * * * * *

SEC. 547. REDUCTION OF AUTHORIZATIONS.—Notwithstanding the foregoing provisions of this Act, such provisions shall not be construed to authorize the appropriation for the fiscal year 1955, for the purposes of titles, I, II, and IV of this Act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of $2,918,040,000.

REPEALED BY MUTUAL SECURITY ACT OF 1958

SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility at the time of the enactment of this Act as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed $11,500,000 to carry out this section. (Amended section 403 was formerly designated section 404.)

SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Ac-

count under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

REPEALED BY MUTUAL SECURITY ACT OF 1959

SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1959 not to exceed $1,000,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

* * * * * * *

SEC. 549. SPECIAL PROVISIONS ON AVAILABILITY OF FUNDS.—An amount equal to 25 per centum of the funds authorized to be appropriated for any fiscal year for purposes of title III of chapter II or section 403 of this Act is authorized to be continued available for three months beyond the end of the fiscal year for which appropriated.

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REPEALED BY THE MUTUAL SECURITY ACT OF 1960

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an advisory board, referred to in this section as the "Board", which shall advise and consult with the President, or such other officer or officers as he may designate, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413(b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups inter-

ested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government Agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of $50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed $10 per diem, or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, in lieu of subsistence and other expenses.

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SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—Of the funds appropriated pursuant to this Act for use beginning in each of the fiscal years 1960 through 1964, $10,000,000 for each such year shall be available only as follows:

(a) $5,000,000 shall be available until expended only for financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands. Such financing may include payment for transportation, tuition, maintenance and other expenses incident to scholastic activities. The President may employ such funds to augment programs of this character authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, and by the United States Information and Educational Exchange Act of 1948, as amended, and he may consolidate such portions of such $5,000,000 as he may deem appropriate with appropriations made to carry out these two Acts.

(b) $5,000,000 shall be available until expended only for the training of people of underdeveloped countries in skills which will contribute to economic development. Such training shall be carried out in accordance with the policies set forth in title III of chapter II, relating to technical cooperation, and such $5,000,000 may be consolidated with appropriations made for carrying out title III of chapter II.

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SEC. 504. SMALL BUSINESS.—(a) * * *

(d) Of the funds appropriated pursuant to section 451(b) of this Act, the President is authorized to utilize not to exceed $2,500,000 for the fiscal year 1960 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment and other equipment owned by agencies of the United States Government.

13. Mutual Defense Assistance Control Act of 1951 (Battle Act)

Text of Mutual Defense Assistance Control Act of 1951, Public Law 213, 82d Congress [H. R. 4550], 65 Stat. 644, approved October 26, 1951

AN ACT To provide for the control by the United States and cooperating foreign nations of exports to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Defense Assistance Control Act of 1951."[1]

TITLE I—WAR MATERIALS

SEC. 101.[2] The Congress of the United States, recognizing that in a world threatened by aggression the United States can best preserve and maintain peace by developing maximum national strength and by utilizing all of its resources in cooperation with other free nations, hereby declares it to be the policy of the United States to apply an embargo on the shipments of arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, in order to (1) increase the national strength of the United States and of the cooperating nations; (2) impede the ability of nations threatening the security of the United States to conduct military operations; and (3) to assist the people of the nations under the domination of foreign aggressors to reestablish their freedom.

It is further declared to be the policy of the United States that no military, economic, or financial assistance shall be supplied to any nation unless it applies an embargo on such shipments to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

This Act shall be administered in such a way as to bring about the fullest support for any resolution of the General Assembly of the United Nations, supported by the United States, to prevent the shipment of certain commodities to areas under the control of governments engaged in hostilities in defiance of the United Nations.

SEC. 102.[3] Responsibility for giving effect to the purposes of this Act shall be vested in the person occupying the senior position authorized by subsection (e) of section 406 of the Mutual Defense Assistance

[1] 22 U. S. C. § 1611 note.
[2] 22 U. S. C. § 1611.
[3] 22 U. S. C. § 1611a.

Act of 1949, as amended, or in any person who may hereafter be charged with principal responsibility for the administration of the provisions of the Mutual Defense Assistance Act of 1949. Such person is hereinafter referred to as the "Administrator."

NOTE.—Section 2 (b) of Reorganization Plan No. 7 of 1953 (see page 101) transferred to the Director of the Foreign Operations Administration all functions vested by the Mutual Defense Assistance Control Act of 1951 in the Administrator created by that Act. See also Executive Order No. 10575, as amended, section 101 (a), page 116. Subsequently, the functions under the Act were transferred to the Secretary of State by section 101 of Executive Order No. 10610, page 126. The Secretary of State then redelegated his authority—see Department of State Delegation of Authority No. 85, as amended (page 131)—to the Director of the International Cooperation Administration but provided that the Director shall carry out the functions "under the direction and control of the Secretary of State."

SEC. 103.[4] (a) The Administrator is hereby authorized and directed to determine within thirty days after enactment of this Act after full and complete consideration of the views of the Departments of State, Defense, and Commerce; the Economic Cooperation Administration; and any other appropriate agencies, and notwithstanding the provisions of any other law, which items are, for the purpose of this Act, arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and those items of primary strategic significance used in the production of arms, ammunition, and implements of war which should be embargoed to effectuate the purposes of this Act: *Provided*, That such determinations shall be continuously adjusted to current conditions on the basis of investigation and consultation, and that all nations receiving United States military, economic, or financial assistance shall be kept informed of such determinations.

(b) All military, economic, or financial assistance to any nation shall, upon the recommendation of the Administrator, be terminated forthwith if such nation after sixty days from the date of a determination under section 103 (a) knowingly permits the shipment to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, of any item which he has determined under section 103 (a) after a full and complete investigation to be included in any of the following categories: Arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war: *Provided*, That the President after receiving the advice of the Administrator and after taking into account the contribution of such country to the mutual security of the free world,

[4] 22 U. S. C. § 1611b.

the importance of such assistance to the security of the United States, the strategic importance of imports received from countries of the Soviet bloc, and the adequacy of such country's controls over the export to the Soviet bloc of items of strategic importance, may direct the continuance of such assistance to a country which permits shipments of items other than arms, ammunition, implements of war, and atomic energy materials when unusual circumstances indicate that the cessation of aid would clearly be detrimental to the security of the United States: *Provided further*, That the President shall immediately report any determination made pursuant to the first proviso of this section with reasons therefor to the Appropriations and Armed Services Committees of the Senate and of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House of Representatives, and the President shall at least once each quarter review all determinations made previously and shall report his conclusions to the foregoing committees of the House and Senate, which reports shall contain an analysis of the trade with the Soviet bloc of countries for which determinations have been made.

SEC. 104.[5] Whenever military, economic, or financial assistance has been terminated as provided in this Act, such assistance can be resumed only upon determination by the President that adequate measures have been taken by the nation concerned to assure full compliance with the provisions of this Act.

SEC. 105.[6] For the purpose of this Act the term "assistance" does not include activities carried on for the purpose of facilitating the procurement of materials in which the United States is deficient.

TITLE II—OTHER MATERIALS

SEC. 201.[7] The Congress of the United States further declares it to be the policy of the United States to regulate the export of commodities other than those specified in title I of this Act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, in order to strengthen the United States and other cooperating nations of the free world and to oppose and offset by nonmilitary action acts which threaten the security of the United States and the peace of the world.

SEC. 202.[8] The United States shall negotiate with any country receiving military, economic, or financial assistance arrangements for the recipient country to undertake a program for controlling exports of items not subject to embargo under title I of this Act, but which in the judgment of the Administrator should be controlled to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

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[5] 22 U. S. C. § 1611c.
[6] 22 U. S. C. § 1611d.
[7] 22 U. S. C. § 1612.
[8] 22 U. S. C. § 1612a.

SEC. 203.[9] All military, economic, and financial assistance shall be terminated when the President determines that the recipient country (1) is not effectively cooperating with the United States pursuant to this title, or (2) is failing to furnish to the United States information sufficient for the President to determine that the recipient country is effectively cooperating with the United States.

TITLE III—GENERAL PROVISIONS

SEC. 301.[10] All other nations (those not receiving United States military, economic, or financial assistance) shall be invited by the President to cooperate jointly in a group or groups or on an individual basis in controlling the export of the commodities referred to in title I and title II of this Act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

SEC. 302.[11] The Administrator with regard to all titles of this Act shall—

(a) coordinate those activities of the various United States departments and agencies which are concerned with security controls over exports from other countries;

(b) make a continuing study of the administration of export control measures undertaken by foreign governments in accordance with the provisions of this Act, and shall report to the Congress from time to time but not less than once every six months recommending action where appropriate; and

(c) make available technical advice and assistance on export control procedures to any nation desiring such cooperation.

SEC. 303.[12] The provisions of subsection (a) of section 403, of section 404, and of subsections (c) and (d) of section 406 of the Mutual Defense Assistance Act of 1949 (Public Law 329, 81st Congress) as amended, insofar as they are consistent with this Act, shall be applicable to this Act. Funds made available for the Mutual Defense Assistance Act of 1949, as amended, shall be available for carrying out this Act in such amounts as the President shall direct.[13]

SEC. 304.[14] In every recipient country where local currency is made available for local currency expenses of the United States in connection with assistance furnished by the United States, the local currency administrative and operating expenses incurred in the administration of this Act shall be charged to such local currency funds to the event available.

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[9] 22 U. S. C. § 1612b.
[10] 22 U. S. C. § 1613.
[11] 22 U. S. C. § 1613a.
[12] 22 U. S. C. § 1613b.
[13] Section 411 (c) of the Mutual Security Act of 1954, as amended (page 30), provides, in part "There are authorized to be appropriated to the Department of State such amounts as may be necessary from time to time * * * for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct." See also repealed section 410 of MSAct of 1954, as amended (page 100). The Mutual Defense Assistance Act of 1949, as amended, was repealed by section 542 of the Mutual Security Act of 1954, as amended (page 63).
[14] 22 U. S. C. § 1613c.

SEC. 305. Subsection (d) of section 117 of the Foreign Assistance Act of 1948 (Public Law 472, Eightieth Congress), as amended, and subsection (a) of section 1302 of the Third Supplemental Appropriation Act, 1951 (Public Law 45, 82d Congress),[15] are repealed.

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[15] Sec. 1302 (a) of the Third Supplemental Appropriation Act, 1951, known as the Kem Amendment, Public Law 45, 82d Cong., 65 Stat. 52, approved June 2, 1951, provided:

"During any period in which the Armed Forces of the United States are actively engaged in hostilities while carrying out any decision of the Security Council of the United Nations, no economic or financial assistance shall be provided, out of any funds appropriated to carry out the purposes of the Economic Cooperation Act of 1948, as amended, or any other Act to provide economic or financial assistance (other than military assistance) to foreign countries, to any country which exports or knowingly permits the exportation of, to the Union of Soviet Socialist Republics or any of its satellite countries (including Communist China and Communist North Korea) arms, or armaments or military materiel or articles or commodities which the Secretary of Defense shall have certified to the Administrator for Economic Cooperation may be used in the manufacture of arms, armaments, or military materiel, or shipment of which to the Soviet bloc is embargoed by the United States in the interest of national security; and the Secretary of Defense is hereby authorized and directed to so certify to the Administrator for Economic Cooperation any article or commodity of the nature or class described: *Provided,* That after the 15th day following the date of enactment of this Act and prior to the termination of the period heretofore referred to no country shall be eligible for economic or financial assistance under any such Act unless within thirty days prior to the date on which such assistance is to be provided such country shall have certified to the United States that it has not, subsequent to the 15th day following the date of enactment of this Act, exported, or knowingly permitted the exportation of, arms, armaments, military material, articles, or commodities which are subject to the foregoing provisions of this section, to any of the countries referred to in such provision: *Provided, further,* That such certification shall not relieve the Administrator for Economic Cooperation or any other officer of the United States Government of responsibility for enforcing the foregoing provisions of this section: *Provided further,* That exceptions to these provisions may be made upon an official determination of the National Security Council that such exception is in the security interest of the United States: *Provided further,* That the National Security Council shall immediately report any exception made with reasons therefor to the Appropriations and Armed Services Committees of the Senate and of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House of Representatives, and the National Security Council shall at least once each quarter review all exceptions made previously and shall report its determination to the foregoing committees of the House and Senate, which reports shall contain an analysis of the trade with the Soviet bloc of countries for which an exception is made."

Subsec. (b) of sec. 1302 of the Third Supplemental Appropriations Act, 1951, repealed sec. 1304 of the Supplemental Appropriation Act, 1951, Public Law 843, 81st Cong., approved Sept. 27, 1950, 64 Stat. 1066, 22 U. S. C. § 1523, which had provided:

"During any period in which the Armed Forces of the United States are actively engaged in hostilities while carrying out any decision of the Security Council of the United Nations, no economic or financial assistance shall be provided, out of any funds appropriated to carry out the purposes of the Economic Cooperation Act of 1948, as amended, or any other act to provide economic or financial assistance (other than military assistance) to foreign countries, to any country whose trade with the Union of Soviet Socialist Republics or any of its satellite countries (including Communist China and Communist North Korea) is found by the National Security Council to be contrary to the security interests of the United States."

14. Reorganization Plan No. 7 of 1953

Prepared by the President and transmitted to the Senate and House of Representatives in Congress assembled, June 1, 1953, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended. Effective August 1, 1953, under the provisions of section 6 of the act; published pursuant to section 11 of the act (63 Stat. 203; 5 U. S. C. Sup. 133z), 18 F. R. 4541

FOREIGN OPERATIONS ADMINISTRATION

SECTION 1. *Establishment of Foreign Operations Administration.* (a) There is hereby established a new agency which shall be known as the Foreign Operations Administration, hereinafter referred to as the "Administration."

> NOTE.—Pursuant to sections 503 (b), 521 and 525 of the Mutual Security Act of 1954, as amended, Executive Order No. 10610 (p. 126), abolished the Foreign Operations Administration effective June 30, 1955, and transferred its functions and offices to the Department of State and the Department of Defense. As specified by Executive Order 10610, State Department Delegation of Authority No. 85 (p. 131) established within the State Department a semi-autonomous agency—the International Cooperation Administration. The State Department order, under conditions therein specified, delegated to the Director of the International Cooperation Administration the functions transferred to the State Department.

(b) There shall be at the head of the Administration a Director of the Foreign Operations Administration,[1] hereinafter referred to as the "Director." The Director shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate of $22,500 a year. The Secretary of State shall advise with the President concerning the appointment and tenure of the Director.

(c) There shall be in the Administration a Deputy Director of the Foreign Operations Administration,[2] who shall be appointed by the President by and with the advice and consent of the Senate, and who shall receive compensation at the rate of $15,000 [3] a year. The Deputy Director shall perform such functions as the Director shall from time to time designate, and shall act as Director during the absence or

[1] The position of Director of the Foreign Operations Administration was abolished by sec. 303 (a) of Executive Order 10610, page 133.

[2] The position of Deputy Director of the Foreign Operations Administration was changed to Director of the International Cooperation Administration by sec. 103 (b) of Executive Order 10610, page 132.

[3] The salary of the position of Director of the International Cooperation Administration was set at $21,000 pursuant to sec. 1004 (a) (8) of the Federal Executive Pay Act, 1956, Public Law 854, 84th Cong., 2d sess.

disability of the Director or in the event of a vacancy in the office of Director.

(d) There are hereby established in the Administration six new offices with such title or titles as the Director shall from time to time determine. Appointment thereto shall be by the President, by and with the advice and consent of the Senate. The compensation for each of two of the said offices shall be at the rate of $16,000 a year and the compensation for each of the other four offices shall be at the rate of $15,000 a year.[4] The persons appointed to the said new offices shall perform such functions as the Director shall from time to time designate, and are authorized to act as Director, as the Director may designate, during the absence or disability of the Director and the Deputy Director or in the event of vacancies in the offices of Director and Deputy Director.

SEC. 2. *Transfer of functions to the Director.* There are hereby transferred to the Director:

(a) All functions vested by the Mutual Security Act of 1951, as amended, or by any other statute in the Director for Mutual Security provided for in section 501 of that Act, or in the Mutual Security Agency created by that Act, or in any official or office of that Agency, including the functions of the Director for Mutual Security as a member of the National Security Council.

(b) All functions vested by the Mutual Defense Assistance Control Act of 1951 in the Administrator created by that Act.

(c) The functions vested by section 6 of the Yugoslav Emergency Relief Assistance Act of 1950 in the Secretary of State.

SEC. 3. *Institute of Inter-American Affairs.* The Institute of Inter-American Affairs, together with its functions, is hereby transferred to the Administration. All functions vested by the Institute of Inter-American Affairs Act in the Secretary of State are hereby transferred to the Director. Functions with respect to serving as employees of the said Institute or as members of the board of directors thereof, including eligibility, as the case may be, to be detailed as such employees or to serve as such members, are hereby transferred from the officials and employees of the Department of State to the officials and employees of the Administration. The Institute shall be administered subject to the direction and control of the Director.

SEC. 4. *National Advisory Council.* The Director shall be a member of the National Advisory Council on International Monetary and Financial Problems (22 U. S. C. 286b).

SEC. 5. *Performance of functions transferred to the Director.* The Director may from time to time make such provisions as he shall deem appropriate authorizing the performance by another officer or by any employee or organizational entity, of the Administration, of any function of the Director, except the function of being a member of the National Security Council and the function of being a member of the National Advisory Council on International Monetary and Financial Problems.

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[4] The salary rates established for these offices were changed pursuant to sec. 111 of the Federal Executive Pay Act, 1956, Public Law 854, 84th Cong., 2d sess. It provides as follows: "The annual compensation for each of the offices established by section 1 (d) of Reorganization Plan Numbered 7 of 1953, effective August 1, 1953 (67 Stat. 639), shall be established by the Secretary of State at a rate not more than $19,000."

SEC. 6. *Transfer of functions to the President.* All functions vested in the Secretary of State by the United Nations Palestine Refugee Aid Act of 1950 are hereby transferred to the President.

SEC. 7. *Incidental transfers.* (a) Personnel, property, records, and unexpended balances of appropriations, allocations, and in other funds, employed, used, held, available, or to be made available in connection with functions transferred or vested by this reorganization plan shall be transferred, at such time or times as the Director of the Bureau of the Budget shall direct, as follows:

(1) So much of those relating to functions transferred to or vested in the Director or the Administration as the Director of the Bureau of the Budget shall determine shall be transferred to the Administration.

(2) Those of the Institute of Inter-American Affairs shall be transferred along with the Institute.

(3) So much of those relating to the functions transferred by section 6 hereof as the Director of the Bureau of the Budget shall determine shall be transferred to the agency or agencies of the Government to which the President delegates the said functions.

(b) Such further measures and dispositions as the Director of the Bureau of the Budget shall deem to be necessary in order to effectuate the transfers provided for in subsection (a) of this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

SEC. 8. *Abolitions.* (a) There are hereby abolished:

(1) The offices of Director for Mutual Security and Deputy Director for Mutual Security, provided for in sections 501 and 504, respectively, of the Mutual Security Act of 1951, as amended (including the organization in the Executive Office of the President known as the Office of the Director for Mutual Security).

(2) The Mutual Security Agency.

(3) The title of Administrator provided for in the Mutual Defense Assistance Control Act.

(4) The four positions provided for in section 406 (e) of the Mutual Defense Assistance Act of 1949, as amended.

(5) The offices of Administrator and Deputy Administrator for Technical Cooperation, provided for in section 413 (a) of the Act for International Development, as amended, together with the functions vested in the Administrator by the said section 413 (a), as amended.

(6) The offices of the Special Representative in Europe and Deputy Special Representative in Europe, provided for in section 504 (a) of the Mutual Security Act of 1951, as amended. The abolition of the said offices of Representatives, and Deputy Representative shall become effective on September 1, 1953 (unless a later date is required by the provisions of section 6 (a) of the Reorganization Act of 1949, as amended).

(b) The Director shall wind up any outstanding affairs of the aforesaid abolished agencies and offices not otherwise provided for in this reorganization plan.

SEC. 9. *Interim provisions.* The President may authorize the persons who, immediately prior to the effective date of this reorganization plan, hold offices or occupy positions abolished by section 8 hereof to hold offices and occupy positions under section 1 hereof until the latter offices and positions are filled pursuant to the provisions of the

said section 1 or by recess appointment, as the case may be, but in no event for any period extending more than 60 days after the said effective date, as follows:

(a) The Director and Deputy Director for Mutual Security as the Director and Deputy Director of the Foreign Operations Administration, respectively.

(b) The Administrator for Technical Cooperation and the person occupying the senior position provided for in section 406 (e) of the Mutual Defense Assistance Act of 1949, as amended, to serve in the two senior positions created by section 1 (d) thereof.

(c) The Deputy Administrator for Technical Cooperation and the persons occupying the three positions provided for in section 406 (e) of the Mutual Defense Assistance Act of 1949, as amended, to serve in the four positions created by section 1 (d) hereof which have compensation at the rate of $15,000 a year.

15. Reorganization Plan No. 8 of 1953 (Partial Text)

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, June 1, 1953, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended. Effective August 1, 1953, under the provisions of section 6 of the act; published pursuant to section 11 of the act (63 Stat. 203; 5 U. S. C. Sup. 133z), 18 F. R. 4542

United States Information Agency

Section 1. *Establishment of agency.*—(a) There is hereby established a new agency which shall be known as the United States Information Agency, hereinafter referred to as the "Agency."

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Sec. 2. *Transfer of functions.*—

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(b) Exclusive of so much thereof as is an integral part of economic or technical assistance programs, without regard to any inconsistent provisions of Reorganization Plan No. 7 of 1953, and subject to subsection (c) of this section, functions with respect to foreign information programs vested by the Mutual Security Act of 1951, as amended, in the Director for Mutual Security provided for in section 501 of the said Act are hereby transferred to the Director.

(c) (1) The Secretary of State shall direct the policy and control the content of a program, for use abroad, on official United States positions, including interpretations of current events, identified as official positions by an exclusive descriptive label.

(2) The Secretary of State shall continue to provide to the Director on a current basis full guidance concerning the foreign policy of the United States.

(3) Nothing herein shall affect the functions of the Secretary of State with respect to conducting negotiations with other governments.

(d) To the extent the President deems it necessary in order to carry out the functions transferred by the foregoing provisions of this section, he may authorize the Director to exercise, in relation to the respective functions so transferred, any authority or part thereof available by law, including appropriation acts, to the Secretary of State, the Director for Mutual Security, or the Director of the Foreign Operations Administration, in respect of the said transferred functions.

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16. Institute of Inter-American Affairs Act

Text of Public Law 369, 80th Congress [H. R. 4168], 61 Stat. 780, approved August 5, 1947, as amended by Public Law 283, 81st Congress [S. 1250], 63 Stat. 685, approved September 3, 1949

AN ACT To provide for the reincorporation of The Institute of Inter-American Affairs and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there be, as of the date of enactment of this Act, created as an agency of the United States of America a body corporate with the name of "The Institute of Inter-American Affairs" (in this Act called the "Institute").[1]

> NOTE.—Section 3 of Reorganization Plan No. 7 of 1953 (see page 102) transferred the Institute of Inter-American Affairs together with its functions to the Foreign Operations Administration and directed that its administration should be subject to the direction of the Director of the Foreign Operations Administration. Pursuant to Executive Order 10610 (see page 126), the Foreign Operations Administration was abolished and, in accordance with section 102 (b) of the Order, the Institute, together with its functions, was transferred to the Department of State. Thereupon, the Department of State, in section 1 of Delegation of Authority No. 85 (page 131) directed that the Institute "shall be a part of or attached to the International Cooperation Administration."

SEC. 2.[2] The purposes of this corporation are to further the general welfare of, and to strengthen friendship and understanding among, the peoples of the American Republics through collaboration with other governments and governmental agencies of the American Republics in planning, initiating, assisting, financing, administering, and executing technical programs and projects, especially in the fields of public health, sanitation, agriculture, and education.

SEC. 3.[3] The Institute, as a corporation—

[1] 22 U. S. C. § 281.
[2] 22 U. S. C. § 281a.
[3] 22 U. S. C. § 281b.

(a) Shall have succession for a period of three years unless sooner dissolved by an Act of Congress.

> NOTE.[4]—Section 544 (a) of the Mutual Security Act of 1954, as amended, provides:
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> "* * * The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice. * * *"

(b) May adopt, alter, and use a corporate seal, which shall be judicially noticed.

(c) May make and perform contracts with any individual, corporation, or other body of persons however designated, whether within or without the United States of America, and with any government or governmental agency, domestic or foreign.

(d) Shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid.

(e) May, as necessary for the transaction of the business of the Institute, employ officers, employees, agents, and attorneys in accordance with the provisions of the civil service and classification laws, except that the Institute may, without regard to the civil service and classification laws, employ, and fix the compensation of officers, employees, agents, and attorneys of the Institute employed for service outside the continental limits of the United States: *Provided*, That the salary of any person thus employed shall not exceed the maximum salary established by the classification laws, and that the Institute may require bonds of any employee and pay the premiums of such bonds: *Provided further*, That no person who is a citizen of the United States not presently employed by the Institute of Inter-American Affairs or the Inter-American Educational Foundation, Inc., shall be employed under authority of this paragraph (e) until such person has been investigated by the Civil Service Commission[5]: *Provided further*, That no person not a citizen of the United States shall be employed under authority of this paragraph (e) for service in any American Republic of which such person is not a citizen except with the specific approval of the Government of the American Republic concerned.

(f) May acquire by purchase, devise, bequest, or gift, or otherwise, lease, hold, and improve such real and personal property as it finds to be necessary to its purposes, whether within or without the United States, and in any manner dispose of all such real and personal property held by it and use as general funds all receipts arising from the disposition of such property.

(g) Shall be entitled to the use of the United States mails in the same manner and on the same conditions as the executive departments of the Government.

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[4] Sec. 544 (b) of the Mutual Security Act of 1954 repealed sec. 1 of Public Law 283, 81st Cong. (63 Stat. 685), which had extended the Institute until June 30, 1955.

[5] Public Law 298, 82d Cong. (66 Stat. 44), substituted the Civil Service Commission for the Federal Bureau of Investigation as the primary investigating agency but retained certain investigating provisions for the Federal Bureau of Investigation.

(h) May, with the consent of any board, corporation, commission, independent establishment, or executive department of the Government, including any field service thereof, avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this Act.

(i) May accept money, funds, property, and services of every kind by gift, devise or bequest, or grant, or otherwise, and make advances and grants to any individual, corporation, or other body of persons, whether within or without the United States of America, or to any government or governmental agency, domestic or foreign, when deemed advisable by the Institute in furtherance of its purposes.

(j) May sue and be sued, complain, and defend, in its corporate name in any court of competent jurisdiction.

(k) Shall have such other powers as may be necessary and incident to carrying out its powers and duties under this Act.

SEC. 4.[6] Upon termination of the corporate life of the Institute all of its functions shall be liquidated and, thereafter, unless otherwise provided by Congress, the assets shall be transferred to the United States Treasury as the property of the United States.

SEC. 5.[7] (a) The management of the Institute shall be vested in a board of directors (hereinafter referred to as the "Board") of not less than five in number, each of whom shall be appointed by the Secretary of State from among the officials and employees of the Department of State and, in the discretion of the Secretary of State and with the consent of the Chiefs of other departments or agencies respectively concerned from among the officials and employees of other United States Government departments and agencies: *Provided*, That no person shall be appointed as a director under authority of this paragraph (a) until such person has been investigated by the Federal Bureau of Investigation.

(b) The Secretary of State shall designate one director as Chairman of the Board.

(c) The directors shall hold office at the pleasure of the Secretary of State.

(d) The directors shall receive no additional compensation for their services as directors but may be allowed actual necessary traveling and subsistence expenses incurred by them in the performance of their duties as directors.

(e) The Board shall direct the exercise of all the powers of the Institute.

(f) The Board may prescribe, amend, and repeal by-laws, rules, and regulations governing the manner in which the business of the Institute may be conducted and in which the powers granted to it by law may be exercised and enjoyed: *Provided*, That a majority of the Board shall be required as a quorum.

(g) In furtherance and not in limitation of the powers conferred upon it, the Board may appoint such committees for the carrying out of the work of the Institute as the Board finds to be for the best interests of the Institute, each committee to consist of two or more of the directors, which committees, together with officers and agents duly authorized by the Board and to the extent provided by the Board,

[6] 22 U. S. C. § 281c.
[7] 22 U. S. C. § 281d.

shall have and may exercise the powers of the Board in the management of the business and affairs of the Institute.

NOTE.—Pursuant to section 3 of Reorganization Plan No. 7 (see page 102), section 101 of Executive Order No. 10610 (see page 126), and Department of State Delegation of Authority No. 85, as amended (see page 131), functions vested in the Secretary of State by the Institute of Inter-American Affairs Act and functions with respect to serving as members of the Institute's Board of Directors or as employees of the Institute are transferred, respectively, to the Director of the International Cooperation Administration and to the officials and employees of the International Cooperation Administration.

SEC. 6.[8] The Institute shall be a nonprofit corporation and shall have no capital stock. No part of its revenue, earnings, or other income or property shall inure to the benefit of its directors, officers, and employees and such revenue, earnings, or other income or property shall be used for the carrying out of the corporate purposes herein set forth. No director, officer, or employee of the corporation shall in any manner directly or indirectly participate in the deliberation upon or the determination of any question affecting his personal interests or the interests of any corporation, partnership, or organization in which he is directly or indirectly interested.

SEC. 7.[9] When approved by the Institute, in furtherance of its purposes, the officers and employees of the Institute may accept and hold offices or positions to which no compensation is attached with governments or governmental agencies of the other American Republics.

SEC. 8.[10] The Secretary of State shall have authority to detail employees of the Department of State to the Institute under such circumstances and upon such conditions as he may determine: *Provided*, That any such employee so detailed shall not lose any privileges, rights, or seniority as an employee of the Government by virtue of such detail.

SEC. 9.[11] The principal office of the Institute shall be located in the District of Columbia, but there may be established agencies, branch offices, or other offices in any place or places within the United States or the other American Republics in any of which locations the Institute may carry on all or any of its operations and business under bylaws or rules and regulations.

SEC. 10.[12] The Institute, including its franchise and income, shall be exempt from taxation now or hereafter imposed by the United States, or any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

SEC. 11.[13] The right to alter, amend, or repeal this Act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent

[8] 22 U. S. C. § 281e.
[9] 22 U. S. C. § 281f.
[10] 22 U. S. C. § 281g.
[11] 22 U. S. C. § 281h.
[12] 22 U. S. C. § 281i.
[13] 22 U. S. C. § 281j.

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jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operations to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 12.[14] The Institute of Inter-American Affairs and the Inter-American Educational Foundation, Inc., two Government corporations caused to be created under the laws of the State of Delaware on March 31, 1942, and September 25, 1943, respectively, by the Coordinator of Inter-American Affairs, shall, within ten days following the enactment of this Act, transfer to the corporation created by this Act all necessary personnel, the assets, funds, and property—real, personal, and mixed—and all debts, liabilities, obligations, and duties, and all rights, privileges, and powers subject to all restrictions, disabilities, and duties of the two said corporations, and the corporation created by this Act, shall accept full title to and ownership of all the assets, funds, and property—real, personal, and mixed—and all debts, liabilities, obligations, and duties, and all rights, privileges, and powers subject to the said restrictions, disabilities, and duties of the two said corporations and all such debts, liabilities, obligations, and duties of the two said corporations shall henceforth attach to the corporation created by this Act and may be enforced against it to the same extent as if said debts, liabilities, obligations, and duties had been incurred or contracted by the corporation created by this Act: *Provided*, That all citizens of the United States presently employed by the Institute of Inter-American Affairs or the Inter-American Educational Foundation, Inc., and transferred under authority of this section 12 to the corporation created by this Act shall be investigated by the Federal Bureau of Investigation within six months following the date of enactment of this Act: *Provided further*, That no person not a citizen of the United States presently employed by the Institute of Inter-American Affairs or the Inter-American Educational Foundation, Inc., for service in an American Republic of which such person is not a citizen, and transferred under authority of this section 12, shall be retained in such service for a period exceeding three months from the date of enactment of this Act except with the specific approval of the government of the American Republic concerned.

SEC. 13. The Institute shall be subject to the provisions of the Government Corporation Control Act (Public Law 248, Seventy-ninth Congress).[15]

NOTE.—Section 544 (a) of the Mutual Security Act of 1954, as amended, provides that the Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

[14] 22 U. S. C. § 281k.
[15] 31 U. S. C. § 841 et seq.

SEC. 14.[16] There are authorized to be appropriated, at a rate not to exceed $5,000,000 annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out this Act.

This Act may be cited as the "Institute of Inter-American Affairs Act."

[16] 22 U. S. C. § 281 note.

17. First Section of Defense Base Act, as Amended (42 U. S. C. 1651)

That (a) except as herein modified, the provisions of the Longshoremen's and Harbor Workers' Compensation Act, approved March 4, 1927 (44 Stat. 1424), as amended, shall apply in respect to the injury or death of any employee engaged in any employment—

(1) at any military, air, or naval base acquired after January 1, 1940, by the United States from any foreign government; or

(2) upon any lands occupied or used by the United States for military or naval purposes in any territory or possession outside the continental United States (including Alaska; the Philippine Islands; the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone); or

(3) upon any public work in any territory or possession outside the continental United States (including Alaska; the Philippine Islands; the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone), if such employee is engaged in employment at such place under the contract of a contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) with the United States; but nothing in this paragraph shall be construed to apply to any employee of such a contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(4) under a contract entered into with the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract, or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States and at places not within the areas described in subparagraphs (1), (2), and (3) of this subdivision, for the purpose of engaging in public work, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (1) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in such public work under such contract the payment of compensation and other benefits under the provisions of this Act, and (2) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(5)[1] under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof), and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(6) outside the continental United States or in Alaska or the Canal Zone by an American employer providing welfare or similar services for the benefit of the Armed Forces pursuant to appropriate authorization by the Secretary of Defense,

irrespective of the place where the injury or death occurs, and shall include any injury or death occurring to any such employee during transportation to or from his place of employment, where the employer or the United States provides the transportation or the cost thereof.

(b) As used in this section—

(1) the term "public work" means any fixed improvement or any project, whether or not fixed, involving construction, alteration, removal or repair for the public use of the United States or its allies, including but not limited to projects or operations under service contracts and projects in connection with the national defense or with war activities, dredging, harbor improvements, dams, roadways, and housing, as well as preparatory and ancillary work in connection therewith at the site or on the project;

(2) the term "allies" means any nation with which the United States is engaged in a common military effort or with which the United States has entered into a common defensive military alliance;

(3) the term "war activities" includes activities directly relating to military operations.

(c) The liability of an employer, contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) under this Act shall be exclusive and in place of all other liability of such employer, contractor, subcontractor, or subordinate contractor to his employees (and their dependents) coming within the purview of this Act, under the workmen's compensation law of

[1] This paragraph added by section 502 (a) of the Mutual Security Act of 1958, Public Law 85–477, 72 Stat. 261, approved June 30, 1958.

any State, territory, or other jurisdiction, irrespective of the place where the contract of hire of any such employee may have been made or entered into.

(d) As used in this section, the term "contractor" means any individual, partnership, corporation, or association, and includes any trustee, receiver, assignee, successor, or personal representative thereof, and the rights, obligations, liability, and duties of the employer under such Longshoremen's and Harbor Workers' Compensation Act shall be applicable to such contractor.

(e)[2] The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under subparagraphs (3) and (4), subdivision (a) of this section, and the conditions set forth therein, shall become applicable to contracts and subcontracts heretofore entered into but not completed at the time of the approval of this Act, and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to June 30, 1958, but not completed on the date of the enactment of the Mutual Security Act of 1959, and contracting officers of the United States are authorized to make such modifications and amendments of existing contracts as may be necessary to bring such contracts into conformity with the provisions of this Act. No right shall arise in any employee or his dependent under subparagraphs (3) and (4), subdivision (a) of this section, prior to two months after the approval of this Act. Upon the recommendation of the head of any department or other agency of the United States, the Secretary of Labor, in the exercise of his discretion, may waive the application of this section with respect to any contract, subcontract, or subordinate contract, work location under such contracts, or classification of employee. Upon recommendation of any employer referred to in clause (6) of subsection (a) of this section, the Secretary of Labor may waive the application of this section to any employee or class of employees of such employer, or to any place of employment of such an employee or class of employees.

(f)[3] The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under paragraphs (1), (2), (3), and (4), subsection (a) of this section or in any work under subparagraph (5) subsection (a) of this section does not apply with respect to any person who is a prisoner of war or a protected person under the Geneva Conventions of 1949 and who is detained or utilized by the United States.

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[2] Section 701 (a) of the MSAct of 1959 amended this subsection by inserting in the first sentence between "the approval of this Act," and "and contracting officers", the following: "and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to June 30, 1958, but not completed on the date of the enactment of the Mutual Security Act of 1959,".

[3] Section 502 (a) (3) of the MSAct of 1958 amended this subsection by inserting "or in any work under subparagraph (5) subsection (a) of this section" between "this section" and "shall not apply".

18. Extracts From War Hazards Compensation Act, as Amended

[Public Law 784, 77th Congress]

INJURY OR DEATH

SEC. 101. (a) In case of injury or death resulting from injury—

* * * * * * *

(4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended (other than title II of chapter II thereof): *Provided*, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such contracts, subcontracts, or subordinate contracts, or classification of employees;

* * * * * * *

and such injury proximately results from a war-risk hazard, whether or not such person then actually was engaged in the course of his employment, the provisions of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916 (5 U. S. C., ch. 15), as amended, and as modified by this Act, shall apply with respect thereto in the same manner and to the same extent as if the person so employed were a civil employee of the United States and were injured while in the performance of his duty, and any compensation found to be due shall be paid from the compensation fund established pursuant to section 35 of said Act of September 7, 1916, as amended. This subsection shall not be construed to include any person who would otherwise come within the purview of such Act of September 7, 1916, as amended.

* * * * * * *

(d) The provisions of this section shall not apply in the case of any person (1) whose residence is at or in the vicinity of the place of his employment, and (2) who is not living there solely by virtue of the exigencies of his employment, unless his injury or death resulting from injury occurs or his detention begins while in the course of his employment, or (3) who is a prisoner of war or a protected person under the Geneva Conventions of 1949 and who is detained or utilized by the United States.

19. Executive Order No. 10575, as Amended

Text of Executive Order No. 10575, November 6, 1954, 19 F.R. 7249, as amended by Executive Order No. 10625, August 2, 1955, 20 F.R. 5571, Executive Order No. 10742, November 29, 1957, 22 F.R. 9689, and Executive Order No. 10822, May 20, 1959, 24 F.R. 4159

Administration of Foreign Aid Functions

By virtue of the authority vested in me by the Mutual Security Act of 1954 (68 Stat. 832), by section 301 of title 3 of the United States Code, and as President of the United States and Commander in Chief of the armed forces of the United States, it is hereby ordered as follows:

PART I. ASSIGNMENT OF FUNCTIONS AND FUNDS

Sec. 101. *Foreign Operations Administration.* (a) Exclusive of the functions otherwise delegated, or excluded from delegation, by this order, and subject to the provisions of this order, there are hereby delegated to the Director of the Foreign Operations Administration all functions conferred upon the President by the Mutual Security Act of 1954 (hereinafter referred to as the Act) and by the Mutual Defense Assistance Control Act of 1951 (65 Stat. 644; 22 U.S.C. 1611–1613c).

> Note.—Pursuant of Secs. 503(b), 521 and 525 of the Mutual Security Act of 1954, as amended, Executive Order No. 10610 (page 131) abolished the Foreign Operations Administration effective June 30, 1955, and transferred its functions and offices to the Department of State and the Department of Defense. As specified by Exec. Order 10610, State Department Delegation of Authority No. 85 (page 136) established within the State Department a semi-autonomous agency—the International Cooperation Administration. The State Department order, under conditions therein specified, delegated to the Director of the International Cooperation Administration the functions transferred to the State Department.

(b) Subject to sections 103 and 106(d) [1] of this order, the Director of the Foreign Operations Administration shall administer section 402 [1] of the Act. In determining upon the furnishing of assistance on terms of repayment pursuant to the Act, and upon the amounts and terms of such assistance, the Director of the Foreign Operations Administration shall consult with the National Advisory Council on International Monetary and Financial Problems in respect of policies

[Note: Executive Orders will be abbreviated "E.O.".]

[1] Section 1(a) of E.O. 10822 substituted "106(d)" for "107(b)"; "section 402" for "sections 402 and 505"; "Chapter I" for "chapter 1 of Title I".

relating to such assistance and terms. Whenever assistance on terms of repayment, under section 505 of the Act, involves funds available under Chapter I[1] of the Act, the said Director shall consult with the Secretary of Defense with respect to the amounts and terms of such assistance. The Director of the Foreign Operations Administration shall also consult the said Council with respect to policies concerning the utilization of funds in the Special Account provided for in section 142(b) of the Act and concerning such other matters as are within the cognizance of the Council pursuant to section 4 of the Bretton Woods Agreements Act.[2]

(c) Pursuant to section 527(c)(2) of the Act, it is directed that the authority made available to the Director of the United States Information Agency with respect to his functions by section 2 of Executive Order No. 10477 of August 1, 1953[3] (18 F.R. 4540), as amended,[4] subject to the provisions of law applicable in connection with such authority, may be utilized by the Director of the Foreign Operations Administration with respect to his functions; and the Director is hereby further authorized to carry out the functions of the Board of Foreign Service provided for by the Foreign Service Act of 1946, as amended[5] (60 Stat. 999; 22 U.S.C. *et seq.*), with respect to personnel appointed or assigned pursuant to section 527(c) of the Act, and to prescribe such regulations and issue such orders and instructions, not inconsistent with law, as may be necessary or desirable for carrying out the foregoing functions: *Provided*, that nothing herein shall be construed as transferring to the Director any function of the Board of Foreign Service relating to any Foreign Service Officer.[6]

(d) It is hereby directed that the Office of Small Business provided for in section 504(b) of the Act shall be in the Foreign Operations Administration.

SEC. 102. *Department of Defense.* (a) Subject to the provisions of this order, there are hereby delegated to the Secretary of Defense:

(1) The functions conferred upon the President by Chapter I[7] of the Act, exclusive of (i) those so conferred by section 105(b)(3) of the Act, (ii) so much of those so conferred by section 106(b) of the Act as consists of determining that a nation or international organization may make available the fair value of equipment, materials, or services, sold thereto or rendered therefor, at a time or at times other than in advance of delivery of the equipment, materials, or services, and (iii) the functions reserved to the President by section 107 of this order.

(2) The functions conferred upon the President by sections 142(a)(7) and 511(c) of the Act.

(3) So much of the functions conferred upon the President by sections 142(a)(10), 511(b), 527(a), 528 and 529(a) of the Act as relates to other functions under the Act administered by the Department of Defense.

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[1] Section 1(a) of E.O. 10822 substituted "106(d)" for "107(b)"; "section 402" for "sections 402 and 505"; "Chapter I" for "chapter 1 of Title I".
[2] For text, see page 333.
[3] For text, see page 173.
[4] Section 1(b) of E.O. 10822, substituted the words "as amended" for "and by Executive Order No. 10522 of March 26, 1954 (19 F.R. 1689)".
[5] For text, see page 218.
[6] The proviso and preceding words beginning with "and the Director is hereby" added by Sec. 1(b) of E.O. 10822.
[7] Section 1(c) of E.O. 10822 substituted "Chapter I" for "chapter 1 of Title I".

(4)[8] The function conferred upon the President by the penultimate proviso of section 108 of the Mutual Security Appropriation Act, 1956, as amended.[9]

(b)[10] The Secretary of Defense (1) shall exercise the responsibility and authority vested in him by the Act and the responsibility and authority delegated to him by this order subject to coordination by the Director of the Foreign Operations Administration, and (2) shall keep the Director of the Foreign Operations Administration fully and currently informed of all matters, including prospective action, relating to the utilization of funds under the Act, the establishment of priorities under section 524(b) of the Act, and the furnishing of military items under Chapter I [11] of the Act.

SEC. 103. *Department of State.* (a) There are hereby delegated to the Secretary of State:

(1) The functions conferred upon the President by the laws referred to in section 101(a) of this order with respect to negotiating, entering into, and terminating [12] international agreements.

(2) The functions conferred upon the President by sections 105(b)(3), 143, 202(a),[13] 405(a), 407,[13] 413(b) (2) and (3), and 529 (b) and (c) of the Act.

(3)[14] The functions conferred upon the President by section 403 of the Act, exclusive of the function of determining any provision of law to be disregarded to achieve the purposes of that section.

(4)[14] The functions conferred upon the President by section 504(a)(2) of the Act so far as they may relate to countries in which the Foreign Operations Administration does not have missions or employees.

(5)[14] So much of the functions conferred upon the President by section 535(a) of the Act as consists of requesting the cooperation of the United Nations, its organs, and specialized agencies or other international organizations in carrying out the purposes of the Act.

(b) The functions conferred upon the President by section 414 of the Act are hereby delegated to the Secretary of State. In connection with the carrying out of the said functions the Secretary of State shall consult with appropriate agencies of the Government. The designation by the Secretary of State of articles which shall be considered as arms, ammuntion, and implements of war, including tech-

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[8] Former subsection (4) was revoked by Sec 1(d) of E.O. 10822. It read as follows: "The functions conferred upon the President by Section 124 of the Act, as amended. The determination of the value of the program for any country under that section shall be made by the Secretary of State."

[9] Former subsection (5), which had been added by Sec. 1(a) of E.O. 10625, redesignated subsection (4) by Sec. 1(e) of E.O. 10822, which also added the words ", as amended".

[10] Former subsection (b) revoked by Sec. 1(f) of E.O. 10822. It read: "The Secretary of Defense is hereby designated to make with respect to equipment or materials procured for military assistance, the determinations provided for in section 107 of the Mutual Security Appropriation Act, 1955 (68 Stat. 1224)."

[11] Former subsection (c) redesignated subsection (b) by Sec. 1(g) of E.O. 10822, which also substituted "Chapter I" for "chapter 1 of Title I".

[12] Section 1(h) of E.O. 10822 substituted a comma for "and" after the word "negotiating" and added the words ", and terminating".

[13] Section 1(i) of E.O. 10822 substituted "143, 202(a)" for "202, 204" and added "407".

[14] Section 1(j) of E.O. 10822 added new subsection (3) and redesignated former subsections (3) and (4) as subsections (4) and (5).

nical data relating thereto, under the said section 414 shall require the concurrence of the Secretary of Defense.

(c) The Secretary of State shall be responsible (1) for making the United States contributions under the Act to, and formulating and presenting with the assistance of the Director of the Foreign Operations Administration the policy of the United States with respect to the assistance programs of, the international organizations referred to in sections [15] 306, 405 (a) and (c), 406, and 407 of the Act, and (2) for making the United States contribution under section 408 of the Act to the North Atlantic Treaty Organization for the United States' share of the expenses of the Organization.

(d) All functions under the Act and the other statutes referred to in section 101(a)[16] and 105(a) of this order, however vested, delegated, or assigned, shall be subject to the responsibilities of the Secretary of State with respect to the foreign policy of the United States.

(e) The maintenance of special missions or staffs abroad, the fixing of the ranks of the chiefs thereof after the chiefs of the United States diplomatic missions, and the authorization of the same compensation and allowances as the chief of mission, Class 3 or Class 4, within the meaning of the Foreign Service Act of 1946 (22 U.S.C. 801 *et seq.*), as amended,[17] all under section 526 of the Act, shall require the approval of the Secretary of State.

SEC. 104. *Department of Commerce.* (a) There is hereby delegated to the Secretary of Commerce so much of the functions conferred upon the President by section 413(b)(1) of the Act as consists of drawing the attention of private enterprise to opportunities for investment and development in other free nations.

(b) The Secretary of Commerce is hereby designated as the officer through whom shall be carried out the functions provided for in the first sentence of [18] section 416 of the Act.

SEC. 105. *United States Information Agency.* (a) The functions conferred upon the President by section 1011 of the United States Information and Educational Exchange Act of 1948 (62 Stat. 6), as amended, are hereby delegated to the Director of the United States Information Agency and shall be carried out in consultation with the Director of the Foreign Operations Administration.

(b) The United States Information Agency shall perform the functions provided for by law with respect to publicizing abroad the activities carried out under the Act.

SEC. 106. *Allocation and advance of funds.*[19] (a) Funds heretofore or hereafter appropriated or otherwise made available to the President

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[15] Section 1(k) of E.O. 10822 deleted reference to "132(c)".
[16] Section 1(l) of E.O. 10822 deleted reference to "102(b)".
[17] Section 1(m) of E.O. 10822 added ", as amended".
[18] Section 1(n) of E.O. 10822 added the words "the first sentence of".
[19] The heading *"Allocation and advance of funds"* was substituted for *"Allocation of funds"* by Sec. 1(o) of E.O. 10822.

shall be deemed to be allocated or advanced[20] without any further action of the President, as follows:

(1) There are allocated to the Secretary of Defense funds for carrying out Chapter I of the Act;[21] but, for the purposes of the second sentence of section 108 of the Mutual Security Appropriation Act, 1956, as amended,[21] such funds shall be available only when and in such amounts as they have been apportioned, for use, by the Bureau of the Budget.[22]

(2) All funds for carrying out the Act except those made available exclusively[23] for carrying out Chapter I and Title II of Chapter II[23] of the Act are allocated to the Director of the Foreign Operations Administration.

(3)[24] Funds for carrying out Title II of Chapter II of the Act shall be advanced to the Development Loan Fund.

(b) The said funds may be allocated or transferred[25] by the Secretary of Defense, the Development Loan Fund,[25] and the Director of the Foreign Operations Administration, respectively, to any agency, department, establishment, or wholly owned corporation of the Government for obligation or expenditure thereby consistent with applicable law, subject, however, to the provisions of section 107(b)[26] hereof. The utilization of funds without regard to the existing laws governing the obligation and expenditure of Government funds as authorized by section 411(d)[26] of the Act, as amended, shall be limited as far as practicable and shall in any event be confined to instances in which such utilization is deemed (1) to further the more economical, efficient or expeditious carrying out of functions under the Act, and (2) to obviate or mitigate hardship occurring with respect to personnel administering functions under the Act in connection with the administration of these functions or with respect to the families of personnel by reason of the duties of the respective heads of families under the Act.

(c) The Director of the Foreign Operations Administration shall allocate funds to the Department of State for the contributions referred to in section 103(c) of this order.

(d)[27] The sum provided for in section 402 of the Act and the first sum provided for in section 537(c) of the Act shall be divided between

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[20] The words "or advanced" added by Sec. 1(p) of E.O. 10822.

[21] Section 1(q) of E.O. 10822 substituted "Chapter I of the Act" for "chapter 1 of Title I of the Act, as amended, and, without regard to section 106(a)(2) of this order, funds for carrying out section 124 of the Act, as amended", and added ", as amended after "1956".

[22] Section 106(a) and subsection 106(a)(1) were revised by Sec. 1(b) of E.O. 10625. They formerly read as follows: "Funds appropriated or otherwise made available to the President shall be deemed to be allocated without any further action of the President as follows:

"(1) Funds for carrying out chapter 1 of Title I of the Act are allocated to the Secretary of Defense, but, for the purposes of the second sentence of Section 110 of the Mutual Security Appropriation Act, 1955 (68 Stat. 1224), such funds shall be available only when and in such amounts as they have been apportioned for use, by the Bureau of the Budget."

[23] Section 1(r) of E.O. 10822 added the words "made available exclusively" and substituted "Chapter I end Title II of Chapter II" for "chapter 1 of Title I".

[24] Subsection (3) added by Sec. 1(s) of E.O. 10822.

[25] The words "or transferred" and ", the Development Loan Fund" added by Sec. 1(t) of E.O. 10822.

[26] Section 1(t) of E.O. 10822 substituted "107(b)" for "107(a)(2)" and "411(d)" for "411(c)".

[27] Subsection (d) added by Sec. 1(u) of E.O. 10822.

the Department of State and the Department of Defense as those departments shall mutually agree.

SEC. 107. *Reservation of functions to the President.*[28] There are hereby excluded from the functions delegated by the foregoing provisions of this order:

(a)[28] The functions conferred upon the President by the Act with respect to the appointment of officers required to be appointed by and with the advice and consent of the Senate, the transmittal of periodic or special reports to the Congress, and the termination or withdrawal of assistance.

(b)[28] The functions conferred upon the President with respect to findings, determinations, certifications, agreements, directives, or transfers of funds, as the case may be, by sections 104(b), 105, 141, 403, 410, 451(a),[29] 501, 503, 521, and 522(b) of the Act, and by sections 103(b), 104, 203, and 301 of the Mutual Defense Assistance Control Act of 1951.

(c)[28] The functions conferred upon the President by sections 101, 107(a)(2), 413(c), 523(c),[30] 525, 533, and 545(d) of the Act and by the second sentence of section 416 of the Act,[30] and, subject to Part II hereof, the functions so conferred by section 523(b) of the Act.

(d)[28] So much of the functions conferred upon the President by section 144 of the Act as consists of waiving specific provisions of section 142 of the Act.[31]

(e)[28] So much of the functions conferred upon the President by section 409(d) of the Act as may relate to funds allocated to the Department of Defense by this order.

(f)[32] So much of the functions conferred upon the President by section 415 of the Act as consists of furnishing assistance directly to the North Atlantic Treaty Organization for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 108.[33] *Development Loan Fund.* (a) There are hereby delegated to the Managing Director of the Development Loan Fund, acting subject to the supervision and direction of the board of directors of the Development Loan Fund:

(1) So much of the functions conferred upon the President by section 504(a) of the Act as consists of assisting American small business to participate equitably in the furnishing of commodities

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[28] Section 1(v) of E.O. 10822 revoked sections 107(a)(6) and 107(b); redesignated sections 107(a) (1), (2), (3), (4), and (5) as sections 107 (a), (b), (c), (d), and (e), respectively, and deleted "(a)" after section heading. Former section 107(a)(6) read as follows: "The function conferred upon the President by the second sentence of section 124 of the Act, as amended."

Former section 107(b) read as follows: "The sum of $300,000,000 provided for in section 402 of the Act, as amended, shall be divided between the Department of State and the Department of Defense as those departments shall mutually agree."

[29] Section 1(w) of E.O. 10822 deleted references to sections "132(a)", "401" and "404", and inserted "451(a)".

[30] Section 1(x) of E.O. 10822 substituted "413(c), 523(c)" for "415", and added the words "and by the second sentence of section 416 of the Act,".

[31] Section 1(y) of E.D. 10822 amended subsection (d), which formerly read: "(4) The functions conferred upon the President by section 121 of the Act, including all of the functions so conferred with respect to waiving specific provisions of section 142 of the Act, but otherwise excluding so much of the functions conferred upon the President by the said section 121 as may relate to assistance for the support of forces and other expenditures within Indo-China and either is financed from the unexpended balances of appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, or is within an obligational limitation of $150,000,000 additional to the said unexpended balances."

[32] Section 1(z) of E.O. 10822 added subsection (f).

[33] Section 1(z-1) of E.O. 10822 substituted Sections 108 and 109 for Section 108, which read as follows:

"SEC. 108. *Development Loan Committee.* There is hereby established, in accordance

and services financed with funds authorized under Title II of Chapter II of the Act.

(2) So much of the functions conferred upon the President by section 527(a) of the Act as consists of determining such personnel as need be employed by the Development Loan Fund to carry out the provisions and purposes of the Act.

(b) There is hereby delegated to the Director of the Bureau of the Budget the function conferred upon the President by section 205(e) of the Act with respect to determining the records, personnel, and property of the International Cooperation Administration to be transferred to the Development Loan Fund in the event of disagreement between the Managing Director of the Development Loan Fund and the Director of the International Cooperation Administration.

SEC. 109.[33] *Cost-sharing arrangements.* Subject to the provisions of section 103(a)(1) of this order, the functions conferred upon the President by section 527(e) of the Act are hereby delegated to the several heads of Federal agencies in respect of any functions under the Act performed by officers and employees of those agencies, respectively.

PART II. PROCEDURES FOR COORDINATION ABROAD

SEC. 201. *Functions of the Chief of the United States Diplomatic Mission.*—(a) The Chief of the United States Diplomatic Mission in each country, as the representative of the President, shall serve as the channel of authority on foreign policy and shall provide foreign policy direction to all representatives of United States agencies in such country.

(b) The Chief of the United States Diplomatic Mission in each country, as the representative of the President and acting on his behalf, shall coordinate the activities of the representatives of United States agencies (including the chiefs of economic and technical assistance missions, military assistance advisory groups, foreign information staffs, and other representatives of agencies of the United States Government) in such country engaged in carrying out programs under the Act, programs under the Mutual Defense Assistance Control Act of 1951, and the programs transferred by section 2 of Reorganization Plan No. 8 of 1953 (67 Stat. 642),[34] and he shall assume responsibility for assuring the unified development and execution of the said programs in such country. More particularly, the functions of each Chief of United States Diplomatic Mission shall include, with respect to the programs and the country concerned, the functions of:

(1) Exercising general direction and leadership of the entire effort.

(2) Assuring that recommendations and prospective plans and actions of representatives of United States agencies are effectively coordinated and are consistent with, and in furtherance of, the established policy of the United States.

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with section 205(b) of the Act, the Development Loan Committee, consisting of the Deputy Under Secretary of State for Economic Affairs, who shall be chairman, the Director of the International Cooperation Administration, and the Chairman of the Board of Directors of the Export-Import Bank."

[34] Section of E.O. 10601, March 24, 1955 [20 F.R. 1761], states that the provisions of Part II of E.O. 10575 are extended and made applicable to the carrying on abroad of functions under Title I of the Agricultural Act of 1954, Public Law 690, 68 Stat. 897, 7 USC 1741–1747.

(3) Assuring that the interpretation and application of instructions received by representatives of United States agencies from higher authority are in accord with the established policy of the United States.

(4) Guiding the representatives of the United States agencies in working out measures to prevent duplication in their efforts and to promote the most effective and efficient use of all United States officers and employees engaged in work on the said programs.

(5) Keeping the representatives of United States agencies fully informed as to current and prospective United States policies.

(6) Prescribing procedures governing the coordination of the activities of representatives of United States agencies, and assuring that such representatives shall have access to all available information essential to the accomplishment of their prescribed duties.

(7) Preparing and submitting such reports on the operation and status of the programs referred to in the introductory portion of this subsection as may be requested of the Secretary of State by the Secretary of Defense, the Director of the Foreign Operations Administration, or the Director of the United States Information Agency, with respect to their respective responsibilities.

(8) Recommending the withdrawal of United States personnel from the country whenever in his opinion the interests of the United States warrant such action.

(c) Each Chief of United States Diplomatic Mission shall perform his functions under this part in accordance with instructions from higher authority and subject to established policies and programs of the United States. Only the President and the Secretary of State shall communicate instructions directly to the Chief of the United States Diplomatic Mission.

(d) No Chief of United States Diplomatic Mission shall delegate any function conferred upon him by the provisions of this part which directly involves the exercise of direction, coordination, or authority.

Sec. 202. *Referral of unresolved matters.* The Chief of the United States Diplomatic Mission in each country shall initiate steps to reconcile any divergent views arising between representatives of United States agencies in the country concerned with respect to programs referred to in the introductory portion of section 201(b) of this order. If agreement cannot be reached the Chief of the United States Diplomatic Mission shall recommend a course of action, and such course of action shall be followed unless a representative of a United States agency requests that the issue be referred to the Secretary of State and the United States agencies concerned for decision. If such a request is made, the parties concerned shall promptly refer the issue for resolution prior to taking action at the country level.

Sec. 203. *Further coordination procedures and relationships.* (a) All representatives of United States agencies in each country shall be subject to the responsibilities imposed upon the Chief of the United States Diplomatic Mission in such country by section 523(b) of the Act and by this part.

(b) Subject to compliance with the provisions of this part and with the prescribed procedures of their respective agencies, all represent-

atives of United States agencies affected by this part (1) shall have direct communication with their respective agencies and with such other parties and in such manner as may be authorized by their respective agencies, (2) shall keep the respective Chiefs of United States Diplomatic Missions and each other fully and currently informed on all matters, including prospective plans, recommendations, and actions, relating to the programs referred to in the introductory portion of section 201(b) of this order, and (3) shall furnish to the respective Chiefs of United States Diplomatic Missions, upon their request, documents and information concerning the said programs.

PART III. GENERAL PROVISIONS

SEC. 301. Definition. As used in this order, the word "functions" embraces duties, powers, responsibilities, authority, and discretion.

SEC. 302.[35] *Employment of personnel overseas.* Powers henceforth appointed, employed, or assigned under section 527(c) of the Act for the purpose of performing functions under the Act outside the continental limits of the United States shall not, unless otherwise agreed by the United States Government agency in which such benefits may be exercised, be entitled to the benefits provided by section 528 of the Foreign Service Act of 1946, as amended, in cases in which their service under the appointment, employment, or assignment exceeds thirty months.

SEC. 303.[35] *Prior orders.* (a) This order supersedes Executive Order No. 10476 of August 1, 1953 (18 F.R. 4537).

(b) The reference in section 3(c) of Executive Order No. 10560 of September 9, 1954 (19 F.R. 5927), to Part III of Executive Order No. 10476 shall after the date of this order be deemed to be a reference to Part II of this order.

(c) Except to the extent inconsistent with law or with this order, and except as revoked, superseded, or otherwise made inapplicable before the time of issuance of this order, (1) all determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, and other actions issued, undertaken or entered into with respect to any function affected by this order shall continue in full force and effect until amended, modified, or revoked by appropriate authority, (2) each reference in any Executive order to any provision of law repealed by the Mutual Security Act of 1954 shall be deemed also to refer to the corresponding provision, if any, of the Mutual Security Act of 1954.[36]

SEC. 304.[35] *Effective date.* Without prejudice to anything done under proper authority with respect to any function under the Act at any time subsequent to the approval of the Act and prior to the approval of this order, the effective date of this order shall be deemed to be the date of the approval of the Act.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *November 6, 1954.*

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[35] Section 1(z–2) of E.O. 10822 added SEC. 302 and renumbered sections 302 and 303 as sections 303 and 304 respectively.

[36] Section 2 of E.O. 10625 provides as follows: "Except in respect of any provision which has been revoked, superseded, or otherwise rendered inapplicable, and except as may be otherwise inappropriate, any reference in any provision of any prior Executive Order to the Mutual Security Act of 1954 shall be deemed to include a reference to the Mutual Security Act of 1954, as amended."

20. Executive Order No. 10610, as Amended

Text of Executive Order No. 10610, May 9, 1955, 20 F.R. 3179, as amended by Executive Order No. 10663, March 24, 1956, 21 F.R. 1845, Executive Order No. 10742, November 29, 1957, 22 F.R. 9689, and Executive Order No. 10822, May 20, 1959, 24 F.R. 4159

Administration of Mutual Security and Related Functions

By virtue of the authority vested in me by the Mutual Security Act of 1954, including particularly sections 521 and 525 thereof (68 Stat. 855, 856), and as President of the United States, it is ordered as follows:

PART I. DEPARTMENT OF STATE; INTERNATIONAL COOPERATION ADMINISTRATION

Sec. 101. Exclusive of the functions transferred by the provisions of section 201 of this order, all functions conferred by law upon, or delegated or otherwise assigned by the President to, the Director of the Foreign Operations Administration, and all functions conferred by law upon, or otherwise placed under the jurisdiction of, the Foreign Operations Administration (including, subject to the provision of sections 102 (b) and (c) of this order, all functions of agencies, officials, and employees of the Foreign Operations Administration), are hereby transferred to the Secretary of State and the Department of State, respectively.

Sec. 102. The following are hereby transferred to the Department of State:

(a) All offices of the Foreign Operations Administration, exclusive of the office of Director of the Foreign Operations Administration.

(b) The Institute of Inter-American Affairs and the functions vested in it by law, which functions shall remain therewith.

(c) The International Development Advisory Board (68 Stat. 842) and the functions vested in it by law, which functions shall remain therewith.

(d) The Office of Small Business, provided for in section 504(b) of the Mutual Security Act of 1954 (68 Stat. 851), and in section 101(d) of Executive Order No. 10575 of November 6, 1954 (19 F.R. 7251).

Sec. 103. (a) The Secretary of State shall establish, with the offices, personnel, and facilities transferred to the Department of State by or under sections 102(a) and 302 of this order, an agency in the Department of State which shall be known as the International Cooperation Administration. The agencies transferred by sections 102 (b), (c) and (d) of this order shall be made a part of or attached to the International Cooperation Administration. The International Cooperation Administration shall be headed by the Director of the International Cooperation Administration referred to in the first sentence

of section 103(b) of this order. Except as may be otherwise provided by the Secretary of State, the functions transferred by section 101 hereof shall be carried out by or under the International Cooperation Administration or the Director thereof. The said Administration and all functions, officers, and agencies transferred by this Part shall be subject to the direction and control of the Secretary of State. This order shall not preclude the Secretary of State from transferring elsewhere in the Department of State the transferred officers, personnel, facilities, and agencies referred to in the first and second sentences of this section. To such extent as the Secretary of State shall prescribe, consistent with law, (1) the International Cooperation Administration and any other agencies of the Department of State designated by the Secretary of State shall be deemed to be the successors of the Foreign Operations Administration in respect of transfers to the Department of State made by this order, and (2) the Director of the International Cooperation Administration and any other officers of the Department of State designated by the Secretary of State shall be deemed to be the successors of the Director of the Foreign Operations Administration in respect of transfers to the Secretary of State made by this order.[1]

(b) The title of Deputy Director of the Foreign Operations Administration is hereby changed to Director of the International Cooperation Administration. The Director of the International Cooperation Administration may, as he deems proper, change the title of and utilize in connection with the functions transferred by this order any other office of the Foreign Operations Administration transferred hereby.

SEC. 104. (a) The Secretary of State, after consultation with the Secretary of Defense shall make appropriate arrangements for carrying out the function of coordination referred to in section 102(c)(1) of Executive Order 10575 of November 6, 1954.[2]

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[1] Section 103(a) was revised by Section 2(a) of Executive Order No. 10742. It formerly read as follows:

"The Secretary of State shall establish, with the offices, personnel, and facilities transferred to the Department of State by or under sections 102(a) and 302 of this order, an agency in the Department of State which shall be known as the International Cooperation Administration. The agencies transferred by sections 102 (b), (c), and (d) of this order shall be made a part of or attached to the International Cooperation Administration. The International Cooperation Administration shall be headed by the Director of the International Cooperation Administration referred to in the first sentence of section 103(b) of this order. The said Director shall report directly to the Secretary of State. Except as may be otherwise provided by the Secretary of State in respect of the matters referred to in section 104 of this order, the functions transferred by section 101 hereof shall be carried out by or under the International Cooperation Administration or the Director thereof. The said Administration, including all its officers and agencies, and all functions transferred by this Part shall be subject to the direction and control of the Secretary of State. To such extent as the Secretary of State shall prescribe, consistent with law and without diminishing assignments made or required to be made by this order to the International Cooperation Administration or the Director thereof, the said Administration and Director shall be deemed to be the successors of the Foreign Operations Administration and the Director thereof, respectively, in respect of transfers to the Department of State and the Secretary of State made by this order."

[2] Subsections (b) and (c) of Section 104 were revoked by Section 2(b) of Executive Order No. 10742. They formerly read as follows:

"(b) The Secretary of State or, if he shall so direct, the Director of the International Cooperation Administration shall (1) carry out the functions under the Mutual Defense Assistance Control Act of 1951 transferred by section 101 of this order, (2) carry out the functions under section 501(a)(2) of the Mutual Security Act of 1951 (as continued by section 525 of the Mutual Security Act of 1954), (3) make the determinations authorized by the last sentence of section 524 (b) of the Mutual Security Act of 1954, and (4) coordinate the functions of the International Cooperation Administration and other affairs of the Department of State."

"(c) The Secretary of State may carry out the functions now financed pursuant to section 405(d) of the Mutual Security Act of 1954, as amended, through any officer or agency of the Department of State."

PART II. DEPARTMENT OF DEFENSE * * * REVOKED [3]

PART III. GENERAL PROVISIONS

SEC. 301. As used in this order, the term "functions" includes powers, duties, authority, responsibilities, and discretion.

SEC. 302. So much of the records, property, personnel, positions, and unexpended balances of appropriations, allocations, and other funds of the Foreign Operations Administraiton as the Director of the Bureau of the Budget shall determine shall be transferred to the Department of Defense. There are hereby transferred to the Department of State all other records, property, personnel, positions, and unexpected balances of appropriations, allocations, and other funds of the Foreign Operations Administration (including those of the Institute of Inter-American Affairs, the International Development Advisory Board, and the Office of Small Business, which shall be transferred with those agencies, respectively). Such further measures and dispositions as the Director of the Bureau of the Budget may deem necessary in order to effectuate the transfers provided for in this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

SEC. 303. (a) The Foreign Operations Administration, including the office of Director of the Foreign Operations Administration but excluding all other offices of, and all agencies and positions of, the Foreign Operations Administration, and excluding also all functions transferred by the provisions of this order, is hereby abolished.

(b) The memberships of the Director of the Foreign Operations Administration on the following bodies, together with the functions of the said Director in his capacity as member of each thereof, are hereby abolished: (1) The National Security Council, (2) the Operations Coordinating Board, (3) the Council on Foreign Economic Policy, (4) the Interagency Committee on Agricultural Surplus Disposal, (5) the Defense Mobilization Board, and (6) the Interdepartmental Committee on Trade Agreements: *Provided*, That the Director of the International Cooperation Administration or his designated representative shall participate in the deliberations, and assist in connection with the affairs, of the bodies mentioned in items (2) to (6), inclusive, above, and of the Committee for Reciprocity Information.

SEC. 304. Nothing in this order shall be construed to derogate from the authority of the President, after the date of approval of this order, (1) to delegate functions conferred upon him by the Mutual Security Act of 1954 or by other law other than as transferred or

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[3] PART II was revoked by Section 2 of Executive Order No. 10822, which also provides: "Any other provision of Executive Order No. 10610 which is inconsistent with any amendment of Executive Order No. 10575 made by this order shall be subject to such amendments." PART II read as follows:

"SEC. 201. So much of the functions under chapter 2 of Title I of the Mutual Security Act of 1954 now vested in or delegated to or otherwise conferred upon the Director of the Foreign Operations Administration or the Foreign Operations Administration as consists of furnishing to recipients eligible under that chapter, equipment, materials, or services which are delivered or rendered directly to the military forces of the recipient country or its agent (including a civilian contractor with such force) for the exclusive use, or to be under the exclusive control, of such military forces and without entering into or being processed by the civilian economy of the recipient country except as above provided is hereby transferred to the Secretary of Defense and the Department of Defense, respectively.

"SEC. 202. The determination of the value of the program for any country under so much of chapter 2 of Title I of the Mutual Security Act of 1954 as pertains to the functions transferred by section 201 of this order shall be made by the Secretary of State."

otherwise assigned by this order, (2) to transfer to any agency or officer of the United States, or to modify or abolish, any function, office, or entity of the Foreign Operations Administration or the successor thereof or any officer or employee thereof, or (3) to transfer such personnel, property, records, and funds as may be necessary incident thereto.

SEC. 305. Except to the extent inconsistent with this order, all determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, and other actions issued, undertaken or entered into with respect to any function affected by this order and not heretofore revoked, superseded, or otherwise made inapplicable, shall continue in full force and effect until amended, modified, or terminated by appropriate authority; but any reference therein to any officer or agency abolished by this order shall hereafter be deemed to be a reference to the appropriate successor officer or agency under this order.

SEC. 306. This order shall become effective at the close of June 30, 1955.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *May 9, 1955.*

21. Executive Order No. 10663

Text of Executive Order No. 10663, March 24, 1956, 21 F.R. 1845

ADMINISTRATION OF THE ESCAPEE PROGRAM

By virtue of the authority vested in me by the Mutual Security Act of 1954 (68 Stat. 832), as amended, including particularly sections 521 and 525 thereof, it is ordered as follows:

SECTION 1. Section 104 of Executive Order No. 10610 of May 9, 1955 (20 F. R. 3181),[1] is hereby amended by adding at the end thereof a new subsection (c) reading as follows:

"(c) The Secretary of State may carry out the functions now financed pursuant to section 405(d) of the Mutual Security Act of 1954, as amended, through any officer or agency of the Department of State."

SEC. 2. There is hereby terminated the duty of the Director of the International Cooperation Administration (under section 103(c) of Executive Order No. 10575[2] of November 6, 1954 (19 F.R. 7251), as affected by Executive Order No. 10610)[3] to assist the Secretary of State in formulating and presenting the policy of the United States with respect to the assistance programs of the Intergovernmental Committee for European Migration, the United Nations Refugee Funds, and the United Nations Children's Fund.

SEC. 3. The Secretary of State is hereby authorized to transfer or assign to any agency or agencies of the Department of State such offices, officers, and personnel, and so much of the property and records, of the International Cooperation Administration as he may deem necessary for the administration by the said agency or agencies of the functions referred to in section 104(c)[1] of Executive Order No. 10610, as amended by this order.

SEC. 4. This order shall become effective on the first day of the first month commencing after the date hereof.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *March 24, 1956.*

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[1] See page 132.
[2] See page 125.
[3] See page 131.

22. State Department Delegation of Authority No. 85, as Amended, Implementing Executive Order No. 10610

Text of State Department Delegation of Authority No. 85, June 30, 1955 (20 F. R. 4825), as amended by Delegation of Authority 85-1, October 12, 1955 (20 F. R. 7950), Delegation of Authority 85-2, September 4, 1957 (22 F. R. 7344), Delegation of Authority 85-3, December 5, 1957 (22 F. R. 10124), Delegation of Authority 85-4, January 21, 1958 (23 F. R. 539), Delegation of Authority 85-5, February 3, 1959 (24 F. R. 1217), Delegation of Authority 85-6, June 12, 1959 (24 F. R. 5394), Delegation of Authority 85-7, July 30, 1959 (24 F. R. 6721), and Delegation of Authority 85-8, October 12, 1959 (effective June 25, 1959), (24 F. R. 8555) June 30, 1955

Administration of Mutual Security Act of 1954 and Delegation of Certain Related Functions [1]

By virtue of the authority vested in me by Executive Order No. 10560, Executive Order No. 10575, Executive Order No.[2] 10610, the Mutual Security Act of 1954 (68 Stat. 832), and section 4 of the Act of May 26, 1949 (63 Stat. 111, 5 U. S. C. Sec. 151c), and in accordance with the requirements of section 3 (a) (1) of Public Law 404, 79th Congress (60 Stat. 238, 5 U. S. C. Sec. 1002 (a) (1)), establishment of the International Cooperation Administration is effected and assignment of mutual security and related functions and delegations of authority are made as follows:

1. *Establishment of the International Cooperation Administration.* There is established in the Department of State and under the direction and control of the Under Secretary of State [3] an agency which shall be known as the International Cooperation Administration. The Institute of Inter-American Affairs, the Office of Small Business provided for in section 504 (b) of the Mutual Security Act of 1954, and the International Development Advisory Board shall be a part of or attached to the International Cooperation Administration and which, as provided in section 103 (a) of Executive Order No. 10610, shall be headed by the Director of the International Cooperation Administration.[4]

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[1] Title formerly read *"Establishment of International Cooperation Administration and Delegation of Certain Related Functions"*. It was revised by Delegation of Authority 85-3 signed by the Secretary of State December 5, 1957 (22 F. R. 10124).

[NOTE.—Delegation of Authority 85-6, June 12, 1959 (24 F. R. 5394), substituted "Under Secretary of State" for "Under Secretary of State for Economic Affairs" wherever that phrase appeared.]

[2] The words "10560, Executive Order No. 10575, Executive Order No." added by section 1 of Delegation of Authority 85-8.

[3] The phrase "and under the direction and control of the Under Secretary of State for Economic Affairs" added by Delegation of Authority 85-5.

[4] The phrase beginning with "and which, as provided" added by Delegation of Authority 85-5.

2.[5] *Functions of the Under Secretary of State.*[6]

a. The Under Secretary of State shall, on behalf of the Secretary of State, carry out the following functions:

(1) the function of having primary responsibility for preparation and presentation to the Congress of such programs of foreign military, economic, technical and other assistance as may be required in the interest of the security of the United States;

(2) the function of coordinating the various forms of assistance authorized by the Mutual Security Act of 1954;[7]

(3) the function of ensuring that the assistance authorized by the Mutual Security Act of 1954 serves the foreign policies of the United States;

(4) the function of determining the value of the program under Chapter I[6] of the Mutual Security Act of 1954 for any country;

(5) the function of coordinating the functions of the International Cooperation Administration with the other affairs of the Department of State;

(6)[8] the functions transferred by section 101 of Executive Order 10610;

(7)[8] the function of agreeing with the Department of Defense on a division of the sum provided for in section 402 of the Mutual Security Act of 1954;

(8)[8] the functions which the Department of State is directed to carry out by section 4 (d) (3) of Executive Order 10560 relating to foreign currencies generated by sales under the Agricultural Trade Development and Assistance Act of 1954, as amended, to carry out the purposes of section 104 (c) of the Act;

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[5] Delegation of Authority 85–5 repealed section 2, and section 3 was redesignated section 2. Repealed section 2 read as follows:

"2. *The Director of the International Cooperation Administration.* As provided in section 103 (a) of Executive Order No. 10610 the International Cooperation Administration shall be headed by the Director of the International Cooperation Administration. The Director of the International Cooperation Administration may, to the extent consistent with law, delegate or assign any of his functions to his subordinates and authorize any of his subordinates to whom functions are so delegated or assigned successively to redelegate or reassign any of such functions."

[6] Delegation of Authority 85–5 deleted *"Deputy"* in the title and in the introductory clause, and substituted "Chapter I" for "chapter 1, Title I" in paragraph (4).

[7] The following is the text of letter from the Deputy Under Secretary of State for Economic Affairs to the Director, International Cooperation Administration, dated December 9, 1957:

"This is to confirm the Secretary's understanding that the function of coordination referred to in section 3 (a) (2) of State Department Delegation of Authority No. 85 as amended by Delegation of Authority No. 85–3 includes, but of course is by no means limited to, (1) the function of coordination referred to in section 102 (c) (1) of Executive Order 10575, (2) the function of preparing for the President reports required to be made by the President to the Congress under the Mutual Security Act of 1954, as amended, and the supervision, coordination and evaluation of all other reports prepared by agencies of the United States Government in the course of their operations under that Act, (3) so much of the functions conferred by section 106 (b) of the Mutual Security Act of 1954, as amended, as consists of determining that a nation or international organization may make available the fair value of equipment, materials or services, sold thereto or rendered therefor, at a time or at times other than in advance of delivery of the equipment, materials, or services, and (4) the function, pursuant to the first sentence of section 101 (b) of Executive Order 10575, of arranging for compliance with requirements contained in sections 402 and 505 of the Mutual Security Act of 1954, as amended."

[8] Former paragraph (6) repealed by Delegation of Authority 85–5. It read as follows: "the functions under the Mutual Defense Assistance Control Act of 1951 transferred by section 101 of Executive Order No. 10610."

Paragraphs (1), (3), and (4) of former section 4a were redesignated paragraphs (6), (7), and (8) of section 2a, respectively, and the introductory clause of present paragraph (7), "subject to the concurrence of the Deputy Under Secretary of State for Economic Affairs," was deleted.

(9)[9] the function of directing and supervising the Development Loan Fund and furnishing foreign policy guidance thereto;[10]

(10)[11] the function which the Department of State is authorized to carry out by section 4 (a) (1) of Executive Order 10560 of allocating or transferring foreign currencies to the Development Loan Fund;

(11)[11] the function conferred upon the Department of State by section 4 (d) (4) of Executive Order 10560 of carrying out the purposes of sections 104 (d) and 104 (e) of the Agricultural Trade Development and Assistance Act of 1954 except to the extent that section 104 (e) pertains to the loans referred to in section 4 (d) (5) of Executive Order 10560;

(12)[11] the functions conferred upon the Department of State and the Secretary of State by sections 4 (d) (7) (i) and 4 (d) (7) (ii), respectively, of Executive Order 10560, relating to foreign currencies available to carry out the purposes of section 104 (g) of the Agricultural Trade Development and Assistance Act of 1954;

(13)[11] the function conferred upon the Secretary of State by section 4 (d) (7) (iii) of Executive Order 10560 of supervising and directing the Development Loan Fund with respect to that order.

b.[12] The Under Secretary of State, or, in his absence, disability, or if he is on leave, such person as he shall designate, is designated Chairman and Member of the Board of Directors of the Development Loan Fund, and shall carry out the functions related thereto.

c.[13] The Under Secretary of State may, to the extent consistent with law, delegate or assign any of the functions delegated or assigned to him by this order to officers of the Department of State, including the Director of the International Cooperation Administration, and may authorize such officers to whom functions are so delegated or assigned successively to redelegate or reassign any of such functions.

d.[14] The Under Secretary of State may authorize the Director of the International Cooperation Administration or his designees to promulgate from time to time, to the extent consistent with law,[15] such rules and regulations as may be necessary and proper to carry out any functions of the International Cooperation Administration or the Director or agencies, officers or employees thereof.

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[9] Paragraph (9) added by Delegation of Authority 85–7.

[10] The words "and furnishing foreign policy guidance thereto;" added by section 2 of Delegation of Authority 85–8.

[11] Subparagraphs (10), (11), (12) and (13) added by section 2 of Delegation of Authority 85–8, and became effective June 25, 1959.

[12] Section b added by Delegation of Authority 85–7.

[13] Delegation of Authority 85–7 redesignated section 2b as 2c. Delegation of Authority 85–5 amended former section 2b, which formerly read as follows: "The Deputy Under Secretary of State for Economic Affairs may, to the extent consistent with law, delegate or assign any of his functions to his subordinates."

[14] Delegation of Authority 85–7 redesignated section 2c as section 2d. Delegation of Authority 85–5 redesignated former section 4b as section 2c.

[15] Delegation of Authority 85–5 substituted the words to this point for "The Director of the International Cooperation Administration or his designees may from time to time, to the extent consistent with law, promulgate".

3.[16] *Records, Property, Personnel, Positions, and Funds.* The Under Secretary of State may place in the International Cooperation Administration, or elsewhere in the Department of State, records, property, personnel, positions, and unexpended balances of appropriations, allocations, and other funds of the Foreign Operations Administration transferred to the Department of State by section 302 of Executive Order No. 10610.

4.[17] *Successorship.* Except as may be otherwise provided from time to time by the Under Secretary of State,[17] and consistent with law and with Executive Order No. 10610, the International Cooperation Administration and the Director thereof shall be deemed to be the successors of the Foreign Operations Administration and the Director thereof, respectively, in respect to all functions[18] delegated to the Administration or the Director by the Under Secretary of State.[17]

5.[19] *Authority and Responsibilities of the Secretary of State.* Nothing in this order shall be construed to derogate from any authority, responsibilities, or functions previously held or exercised by the Secretary of State or the various bureaus and other offices of the Department of State.

6.[20] *Effective Date.*

a. This order shall become effective immediately upon the coming into effect of Executive Order No. 10610.

b. Nothing in this order shall be construed to derogate from the authority of the Secretary of State to amend this order at any time.

c.[21] Any reference in this order to the Mutual Security Act or to any other Act shall be deemed to be a reference to such Act as amended from time to time. Any reference in this order to any Executive order or order delegating functions thereunder shall be deemed to be a reference to such order as amended from time to time.

/s/ JOHN FOSTER DULLES,
Secretary of State.

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[16] Former section 5 was redesignated section 3 and amended by Delegation of Authority 85–5. It formerly read:

"5. *Records, Property, Personnel, Positions, and Funds.* The records, property, personnel, positions, and unexpended balances of appropriations, allocations, and other funds of the Foreign Operations Administration transferred to the Department of State by section 302 of Executive Order No. 10610 are hereby placed in the International Cooperation Administration. Nothing in his section shall be construed to derogate from the authority of the Secretary of State within the terms of Executive Order No. 10610 to place elsewhere in the Department of State at a later date or dates records, property, personnel, positions and funds which relate to functions which are not to be performed by the International Cooperation Administration or the Director thereof."

[17] Former section 6 was redesignated section 4 by Delegation of Authority 85–5, which also inserted the phrase "Under Secretary of State for Economic Affairs", and substituted "Under Secretary of State for Economic Affairs" for "Secretary of State".

That part of former section 4 which was repealed read as follows:

"4. *Functions of the International Cooperation Administration or the Director Thereof.*

"a. Except as otherwise provided in this Delegation of Authority with respect to the functions of the Deputy Under Secretary of State for Economic Affairs, the Director of the International Cooperation Administration shall, under the direction and control of the Secretary of State, carry out the following functions:

"(2) the functions under sections 202 and 204 of the Mutual Security Act of 1954 delegated to the Secretary of State by section 103 (a) (2) of Executive Order 10575, subject to policy guidance received from the Development Loan Committee established by section 1 (c) of Executive Order No. 10742 of November 29, 1957:".

[18] The words "required to be carried out by or under the International Cooperation Administration or the Director pursuant to section 103 (a) of Executive Order No. 10610, or" which appeared following the word "functions" were deleted by Delegation of Authority 85–3.

[19] Former section 7, redesignated section 5 by Delegation of Authority 85–5, was added by Delegation of Authority 85–3.

[20] Former section 8 redesignated section 6 by Delegation of Authority 85–5.

[21] Delegation of Authority 85–3 amended subsection (c), which formerly read as follows: "References in this order to the Mutual Security Act of 1954 shall be deemed to be references to the Mutual Security Act of 1954 as amended from time to time."

23. B-6a. STATE DEPARTMENT REDELEGATION OF AUTHORITY NO. 85-9

Text of State Department Redelegation of Authority No. 85-9, April 12, 1960 (25 F. R. 3682).

ADMINISTRATION OF MUTUAL SECURITY ACT OF 1954 AND REDELEGATION OF CERTAIN RELATED FUNCTIONS

By virtue of the authority vested in me by Delegation of Authority No. 85, it is hereby ordered as follows:

1. There are redelegated to the Director of the International Cooperation Administration all the functions delegated to the Under Secretary of State by sections 2a(6), 2a(7), 2a(8), 2a(10), 2a(11), and 2a(12) of Delegation of Authority No. 85, with the exception of the function of determining the personnel necessary in the Department of State, other than the International Cooperation Administration, under section 527(a) of the Mutual Security Act of 1954 (hereinafter referred to as "the Act") and the functions under the Mutual Defense Assistance Control Act of 1951.

2. The Under Secretary of State shall determine the number of personnel in the operating agencies to be compensated at the rates authorized by section 527(b) of the Act.

3. The Under Secretary of State shall approve the amount of funds to be used by the operating agencies for the purposes authorized by sections 537(a)(6) and 537(a)(8) of the Act.

4. The Under Secretary of State shall approve any agreement, or resolve any disagreement, between the International Cooperation Administration and the Development Loan Fund with regard to their respective use of foreign currencies under section 104(g) of the Agricultural Trade Development and Assistance Act of 1954.

5. For purposes of sections 106(a)(2) and 106(c) of Executive Order No. 10575, the Under Secretary of State shall be deemed to be the successor of the Director of the Foreign Operations Administration.

6. The Director of the International Cooperation Administration may, to the extent consistent with law, delegate or assign any of his functions to his subordinates and authorize any of his subordinates to whom functions are so delegated or assigned successively to redelegate or reassign any of such functions. The Director of the International Cooperation Administration or his designees may from time to time, to the extent consistent with law, promulgate such rules and regulations as may be necessary and proper to carry out any functions of the International Cooperation Administration or the Director or agencies, officers, or employees thereof.

7. The records, property, personnel, positions, and unexpended balances of appropriations, allocations, and other funds of the Foreign Operations Administration transferred to the Department of State by section 302 of Executive Order 10610 shall continue to be placed in the International Cooperation Administration.

8. Notwithstanding paragraph 1 of this Redelegation of Authority, the Under Secretary of State may at any time exercise any function redelegated to the Director of the International Cooperation Administration by this Redelegation of Authority.

9. Any reference in this Redelegation of Authority to the Mutual Security Act of 1954 or to any other Act shall be deemed to be a reference to such Act as amended

from time to time, and any reference herein to any Executive Order or Order delegating functions thereunder shall be deemed to be a reference to such Order as amended from time to time.

10. This Redelegation of Authority shall become effective on the date of its signature.

DOUGLAS DILLON,
Under Secretary of State.

Dated: April 12, 1960.

24. Executive Order No. 10784

Text of Executive Order No. 10784, October 1, 1958, 23 F. R. 7691, as amended by Executive Order No. 10845, October 12, 1959, 24 F. R. 8317

SPECIFICATION OF LAWS FROM WHICH FUNCTIONS AUTHORIZED BY THE MUTUAL SECURITY ACT OF 1954, AS AMENDED,[1] SHALL BE EXEMPT

By virtue of the authority vested in me by section 533 of the Mutual Security Act of 1954, 68 Stat. 860 (22 U. S. C. 1793), it is hereby determined that, to the extent hereinafter indicated, the performance of functions authorized by that Act, as amended (including the performance of functions authorized by section 544 thereof), without regard to the laws specified in the lettered subdivisions of sections 1 and 2 of this order and without regard to consideration as specified in section 3 of this order will further the purposes of the Mutual Security Act of 1954, as amended:

SECTION 1. With respect to functions authorized by the Mutual Security Act of 1954, as amended (22 U. S. C. 1750 *et seq.*), except those exercised by the Department of Defense under authority of sections 521 and 524 of that Act (22 U. S. C. 1781, 1784):

(a) The Act of March 26, 1934, c. 90, 48 Stat. 500, as amended (15 U. S. C. 616a).

(b) Section 3648 of the Revised Statutes, as amended, 60 Stat. 809 (31 U. S. C. 529).

(c) Section 305 of the Federal Property and Administrative Services Act of 1949, c. 288, 63 Stat. 396, as amended (41 U. S. C. 255).

(d) Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5).

(e) Section 3710 of the Revised Statutes (41 U. S. C. 8).

(f) Section 2 of Title III of the Act of March 3, 1933, c. 212, 47 Stat. 1520 (41 U. S. C. 10a).

(g) Section 3735 of the Revised Statutes (41 U. S. C. 13).

(h) Section 304 (c) of the Federal Property and Administrative Services Act of 1949, as added by the Act of October 31, 1951, c. 652, 65 Stat. 700 (41 U. S. C. 254 (c)), but only with respect to contracts entered into with foreign governments or agencies thereof for the rendering of services to the United States or an agency thereof within the continental limits of the United States.

(i) Section 901 of the Merchant Marine Act, 1936, c. 858, 49 Stat. 2015, as amended (46 U. S. C. 1241 (a)).

[1] Section 303 (c) (2) of Executive Order No. 10575, as amended (the full text of which appears on page 122), provides: "each reference in any Executive order to any provision of law repealed by the Mutual Security Act of 1954 shall be deemed also to refer to the corresponding provision, if any, of the Mutual Security Act of 1954."

SEC. 2. With respect to purchases authorized to be made outside the limits of the United States or the District of Columbia under the Mutual Security Act of 1954, as amended:[2]

(a) Section 2276 (a) of title 10 of the United States Code.

(b) Section 2313 (b) of title 10 of the United States Code.

(c) Section 304 (c) of the Federal Property and Administrative Services Act of 1949, as added by the Act of October 31, 1951, c. 652, 65 Stat. 700 (41 U. S. C. 254 (c)).

(d) Section 1301 of the Second War Powers Act, 1942, c. 199, 56 Stat. 185 (50 U. S. C. App. 643), as extended by the provisions of the Act of June 30, 1953, c. 169, 67 Stat. 120.

(e)[3] Section 3 (b) of the Act entitled "An Act to authorize the making, amendment, and modification of contracts to facilitate the national defense" (Public Law 85-804, approved August 28, 1958, 72 Stat. 972; 50 U. S. C. 1433 (b)), but only with respect to contracts in which the inclusion of the clause required by section 3 (b), or the compliance with that clause, if included in a contract, is deemed by the executive or military department concerned to be impracticable.

SEC. 3. With respect to cost-type contracts heretofore or hereafter made under authority of the Mutual Security Act of 1954, as amended, with non-profit institutions under which no fee is charged or paid, amendments and modifications of such contracts may be made with or without consideration and may be utilized to accomplish the same things as any original contract could have accomplished, irrespective of the time or circumstances of the making, or the form of the contract amended or modified, or of the amending or modifying contract, and irrespective of rights which may have accrued under the contract or the amendments or modifications thereof.

This order supersedes Executive Order No. 10519 of March 5, 1954 (3 CFR, 1954 Supp.), entitled "Specifications of Laws From Which Functions Authorized by Mutual Security Act of 1951, as Amended, Shall Be Exempt."

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *October 1, 1958.*

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[2] Section 2 (a) of Executive Order No. 10845 amended this clause, which formerly read: "With respect to purchases authorized to be made outside the continental limits of the United States under the Mutual Security Act of 1954, as amended:".

[3] Paragraph (e) was added by section 2 (b) of Executive Order No. 10845, approved October 12, 1959, 24 F. R. 8317.

25. Latin America and Chile Development and Reconstruction Assistance

Text of Public Law 86-735 [H.R. 13021], 74 Stat. 869, approved September 8, 1960

AN ACT To provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

STATEMENT OF POLICY

SEC. 1. (a) It is the sense of the Congress that—

(1) the historic, economic, political, and geographic relationships among the American Republics are unique and of special significance and, as appropriate, should be so recognized in future legislation;

(2) although governmental forms differ among the American Republics, the peoples of all the Americas are dedicated to the creation and maintenance of governments which will promote individual freedom;

(3) the interests of the American Republics are so interrelated that sound social and economic progress in each is of importance to all and that lack of it in any American Republic may have serious repercussions in others;

(4) for the peoples of Latin America to continue to progress within the framework of our common heritage of democratic ideals, there is a compelling need for the achievement of social and economic advance adequate to meet the legitimate aspirations of the individual citizens of the countries of Latin America for a better way of life;

(5) there is a need for a plan of hemispheric development, open to all American Republics which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, the growth of free economic and social institutions, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers;

(6) mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to all countries, it is the hope of the people of the United States that all American Republics will jointly exert sustained common efforts which will speedily achieve that economic cooperation in the Western Hemisphere which is essential for lasting peace and prosperity; and

(7) accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, private enterprise, and genuine independence in the Western Hemisphere through cooperation with all American Republics which participate in a joint development program based upon self-help and mutual efforts.

(b) In order to carry forward the above policy, the Congress hereby—

(1) urges the President through our constitutional processes to develop cooperative programs on a bilateral or multilateral basis which will set forth specific plans of action designed to foster economic progress and improvements in the welfare and level of living of all the peoples of the American Republics on the basis of joint aid, mutual effort, and common sacrifice;

(2) proposes the development of workable procedures to expand hemispheric trade and to moderate extreme price fluctuations in commodities which are of exceptional importance in the economies of the American Republics, and encourages the development of regional economic cooperation among the American Republics;

(3) supports the development of a more accurate and sympathetic understanding among the peoples of the American Republics through a greater interchange of persons, ideas, techniques, and educational, scientific, and cultural achievements;

(4) supports the strengthening of free democratic trade unions to raise standards of living through improved management-labor relations;

(5) favors the progressive development of common standards with respect to the rights and the responsibilities of private investment which flows across national boundaries within the Western Hemisphere;

(6) supports the consolidation of the public institutions and agencies of inter-American cooperation, insofar as feasible, within the structure of the Organization of American States and the strengthening of the personnel resources and authority of the Organization in order that it may play a role of increasing importance in all aspects of hemispheric cooperation; and

(7) declares that it is prepared to give careful and sympathetic consideration to programs which the President may develop for the purpose of promoting these policies.

AUTHORIZATION

SEC. 2. In order to carry out the purposes of section 1 of this Act, there is hereby authorized to be appropriated to the President not to exceed $500,000,000,[1] which shall remain available until expended, and which the President may use, subject to such further legislative provisions as may be enacted, in addition to other funds available for such purposes, on such terms and conditions as he may specify: *Provided*, That none of the funds made available pursuant to this section shall be used to furnish assistance to any country in Latin America being

[1] No funds were appropriated for this purpose during the 86th Congress, 2d Session.

subjected to economic or diplomatic sanctions by the Organization of American States.[2] The Secretary of State shall keep the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House currently informed about plans and programs for the utilization of such funds.

SPECIAL AUTHORIZATION FOR CHILEAN RECONSTRUCTION

SEC. 3. There is hereby authorized to be appropriated to the President not to exceed $100,000,000,[1] which shall remain available until expended, for use, in addition to other funds available for such purposes, in the reconstruction and rehabilitation of Chile on such terms and conditions as the President may specify.

SEC. 4. Section 551 of the Mutual Security Act of 1954, as amended, which relates to limitation on the use of the President's special authority, is amended by inserting before the period ": *Provided, however*, That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411(b) and 411(c) of this Act".

[1] No funds were appropriated for this purpose during the 86th Congress, 2d Session.
[2] See also Sec. 111 of the MS Appropriation Act, 1961, page 83.

26. Executive Order No. 10893

Text of Executive Order No. 10893, November 8, 1960, 25 F.R. 10731

ADMINISTRATION OF MUTUAL SECURITY AND RELATED FUNCTIONS

By virtue of the authority vested in me by the Mutual Security Act of 1954, 68 Stat. 832, as amended (22 U.S.C. 1750 *et seq.*), and section 301 of title 3 of the United States Code, and as President of the United States and Commander in Chief of the armed forces of the United States, it is ordered as follows:

PART I. ASSIGNMENT OF FUNCTIONS AND FUNDS

SECTION 101. *Department of State.* (a) Exclusive of the functions otherwise delegated, or excluded from delegation, by this order, and subject to the provisions of this order, there are hereby delegated to the Secretary of State all functions conferred upon the President (1) by the Mutual Security Act of 1954, hereinafter referred to as the Act, (2) by the Mutual Defense Assistance Control Act of 1951,[1] 65 Stat. 644 (22 U.S.C. 1611 *et seq.*), and (3) by those provisions of acts appropriating funds under the authority of the Act which are wholly or primarily relevant to the Act.

(b) In determining upon the furnishing of assistance on terms of repayment pursuant to the Act, and upon the amounts and terms of such assistance, the Secretary of State shall consult with the National Advisory Council on International Monetary and Financial Problems in respect of policies relating to such assistance and terms. The Secretary of State shall also consult the Council with respect to policies concerning the utilization of funds in the Special Account provided for in section 142(b) of the Act and concerning such other matters as are within the cognizance of the Council pursuant to section 4 of the Bretton Woods Agreements Act [2] (22 U.S.C. 286 *et seq.*).

(c) In carrying out the functions conferred upon the President by section 414 of the Act, the Secretary of State shall consult with appropriate agencies. Designations, including changes in designations, by the Secretary of State of articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, under that section shall have the concurrence of the Secretary of Defense.

(d) The maintenance of special missions or staffs abroad, the fixing of the ranks of the chiefs thereof after the chiefs of the United States diplomatic missions, and the authorization of the same compensation and allowances as the chief of mission, class 3 and class 4, within the

[1] For text, see page 102.
[2] For text, see page 332.

meaning of the Foreign Service Act of 1946,[3] 60 Stat. 999 (22 U.S.C. 801 *et seq.*), all under section 526 of the Act, shall have the approval of the Secretary of State.

(e) All functions under the Act, the Mutual Defense Assistance Control Act of 1951, and the United States Information and Educational Exchange Act of 1948, 62 Stat. 6 (22 U.S.C. 1431 *et seq.*), and all functions under those provisions of acts appropriating funds under the authority of the Act which are wholly or primarily relevant to the Act, however vested, delegated, or assigned, shall be subject to the responsibilities of the Secretary of State with respect to the foreign policy of the United States.

SECTION 102. *Department of Defense.* (a) Subject to the provisions of this order, there are hereby delegated to the Secretary of Defense:

(1) The functions conferred upon the President by Chapter I of the Act, exclusive of (i) those so conferred by section 105(b)(3) thereof, (ii) so much of those so conferred by the third sentence of section 105(b)(4) of the Act as consists of determining that internal security requirements may be the basis for programs of military assistance in the form of services, (iii) so much of those so conferred by the first sentence of section 106(b) of the Act as consists of determining that a national or international organization may make available the fair value of equipment, materials, or services, sold thereto or rendered therefor, at a time or times other than in advance of delivery of the equipment, materials, or services, and (iv) those reserved to the President by section 110 of this order.

(2) The functions conferred upon the President by sections 142(a)(7) and 511(c) of the Act.

(3) To the extent that they relate to other functions under the Act administered by the Department of Defense, the functions conferred upon the President by sections 142(a)(10), 505(a), 511(b), 527(a), 528, 529(a), and 550 of the Act.

(4) The functions conferred upon the President by the fourth and fifth provisos of section 108 of the Mutual Security Appropriation Act, 1956,[4] 69 Stat. 438.

(b) In carrying out the functions under section 550 of the Act delegated to him by the foregoing provisions of this section, the Secretary of Defense shall consult with the Secretary of State.

SECTION 103. *Department of the Treasury.* There is hereby delegated to the Secretary of the Treasury the function conferred upon the President by the fifth sentence of section 505(b) of the Act.

SECTION 104. *Department of Commerce.* (a) There is hereby delegated to the Secretary of Commerce so much of the functions conferred upon the President by section 413(b)(1) of the Act as consists of drawing the attention of private enterprise to opportunities for investment and development in other free nations.

(b) The Secretary of Commerce is hereby designated as the officer through whom the functions provided for in the first sentence of section 416 of the Act shall be carried out.

SECTION 105. *Development Loan Fund.* There are hereby delegated to the Managing Director of the Development Loan Fund, act-

[3] For text, see page 218.
[4] For text, see page 84.

ing subject to the supervision and direction of the board of directors of the Development Loan Fund:

(1) So much of the functions conferred upon the President by section 504(a) of the Act as consists of assisting American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under Title II of Chapter II of the Act.

(2) So much of the functions conferred upon the President by section 527(a) of the Act as consists of determining such personnel as need be employed by the Development Loan Fund to carry out the provisions and purposes of the Act.

SECTION 106. *Cost-sharing arrangements.* The functions conferred upon the President by section 527(e) of the Act are hereby delegated to the several heads of agencies in respect of any functions under the Act performed by officers and employees of those agencies, respectively.

SECTION 107. *Studies.* (a) The Departments of State and Commerce and such other agencies as they deem appropriate shall conduct the annual studies under section 413(c) of the Act.

(b) The Department of State and such other agencies as it deems appropriate shall conduct the study under section 413(d) of the Act.

SECTION 108. *United States Information Agency.* The United States Information Agency shall perform the functions provided for by law with respect to publicizing abroad the activities carried out under the Act.

SECTION 109. *Allocation, advance, and transfer of funds.* (a) Funds heretofore or hereafter appropriated or otherwise made available to the President for carrying out the Act shall be deemed to be allocated or advanced without any further action of the President, as follows:

(1) There are allocated to the Secretary of State all funds for carrying out the Act except those made available exclusively for carrying out Chapter I and Title II of Chapter II of the Act.

(2) There are allocated to the Secretary of Defense funds made available exclusively for carrying out Chapter I of the Act; but, for the purposes of the second sentence of section 108 of the Mutual Security Appropriation Act, 1956, such funds shall be available only when and in such amounts as they have been apportioned, for use, by the Bureau of the Budget.

(3) Funds for carrying out Title II of Chapter II of the Act shall be advanced to the Development Loan Fund.

(b) The Secretary of State, the Secretary of Defense, and the Development Loan Fund may allocate or transfer as appropriate any funds received under paragraphs (1), (2), and (3), respectively, of subsection (a) of this section, to any agency, or part thereof, for obligation or expenditure thereby consistent with applicable law, subject, however, to the provisions of section 110(2) of this order.

(c) The utilization of funds without regard to the existing laws governing the obligation and expenditure of Government funds as authorized by section 411(d) of the Act shall be limited as far as practicable and shall in any event be confined to instances in which such utilization (1) is deemed to further the more economical, efficient, or expeditious carrying out of functions under the Act, or (2) is deemed to obviate or mitigate hardship occurring with respect to personnel

administering functions under the Act in connection with the administration of these functions or with respect to the families of personnel by reason of the duties of the respective heads of families under the Act, or (3) is for the purpose of settling any claim arising outside the United States for money damages against the United States for injury or loss of property or personal injury or death caused by the negligent or wrongful act or omission of any employee of the Government administering functions under the Act while acting within the scope of his office or employment, under circumstances where the United States, if a private person, would be liable to the claimant in accordance with the law of the place where the act or omission occurred.

SECTION 110. *Reservation of functions to the President.* There are hereby excluded from the functions delegated by the foregoing provisions of this order:

(1) The functions conferred upon the President by the Act with respect to the appointment of officers required to be appointed by and with the advice and consent of the Senate.

(2) The functions conferred upon the President with respect to findings, determinations, certifications, agreements, directives, or transfers of funds, as the case may be, by sections 104(b), 105 (except so much of those functions conferred by the third sentence of section 105(b)(4) as relates to services), 131(a) (proviso), 141, 404, 411(c), 451(a), 501, 521, 522(b), 523(d) and 552 of the Act, and by sections 103(b), 104, 203, and 301 of the Mutual Defense Assistance Control Act of 1951.

(3) The functions conferred upon the President by sections 101, 107(a)(2), 413(c), 413(d), 502(c), 503(a), 503(b), 523(c), 525, 533, 534(a), and 545(d) of the Act, by the first sentence of section 144 of the Act, and by the second sentence of section 416 of the Act, and subject to Part II of this order, the functions so conferred by section 523(b) of the Act.

(4) So much of the functions conferred upon the President by section 403 of the Act as consists of determining any provision of law to be disregarded to achieve the purposes of that section.

(5) The functions conferred upon the President by sections 101(d)(2), 107 (second sentence), 110, and 111 of the Mutual Security and Related Agencies Appropriation Act, 1961[5] (74 Stat. 778; 779).

PART II. COORDINATION AND SUPERVISION OF FUNCTIONS ABROAD

SECTION 201. *Functions of Chiefs of United States Diplomatic Missions.* The several Chiefs of the United States Diplomatic Missions in foreign countries, as the representatives of the President and acting on his behalf, shall have and exercise, to the extent permitted by law and in accordance with such instructions as the President may from time to time promulgate, affirmative responsibility for the coordination and supervision over the carrying out by agencies of their functions in the respective countries.

[5] For text, see page 82.

PART III. GENERAL PROVISIONS

SECTION 301. *Continuation of Department of State arrangements.* There shall continue to be in the Department of State, subject to the direction and control of the Secretary of State, the following:

(1) The International Cooperation Administration (including the offices transferred to the Department by the provisions of section 102(a) of Executive Order No. 10610 [6] of May 9, 1955), as an agency in the Department of State.

(2) All now-existing functions which (i) immediately prior to the effective date of Executive Order No. 10610 of May 9, 1955, were conferred by law upon the Foreign Operations Administration or the Director of the Foreign Operations Administration, or on agencies or officials of the Foreign Operations Administration, and (ii) were by that order transferred to the Secretary of State or the Department of State.

(3) The Office of Small Business provided for in section 504(b) of the Act and the functions vested in it by law, which functions shall remain therewith.

SECTION 302. *Personnel.* (a) The performance of the functions conferred upon the President by section 527(c) of the Act (and by this order delegated to the Secretary of State) shall be governed by the following:

(1) The authority which the Secretary of State is authorized to exercise with respect to personnel appointed, employed, or assigned to perform functions under the Act shall include (i) the authority available to the Secretary under the Foreign Service Act of 1946 (including section 571 of that Act) relating to Foreign Service Reserve officers, Foreign Service Staff officers and employees, and alien clerks and employees, (ii) the authority available to the Secretary under any other provision of law pertaining specifically, or generally applicable, to Foreign Service Reserve officers, Foreign Service Staff officers and employees, and alien clerks and employees, (iii) the authority available to the Secretary under sections 1021 through 1071 of the Foreign Service Act of 1946, (iv) with respect to personnel appointed or assigned pursuant to the provisions of section 527(c)(2) of the Act, the authority of the Board of Foreign Service provided for by the Foreign Service Act of 1946, and (v) the authority to prescribe or issue (in pursuance of the Foreign Service Act of 1946, the Mutual Security Act of 1954, or other applicable law) such regulations, orders, and instructions, not inconsistent with law, as may be incidental to or necessary for or desirable in connection with the carrying out of the provisions of section 527(c) of the Act or the provisions of this order.

(2) The prohibitions and requirements contained in sections 1001 through 1005 and section 1011 of the Foreign Service Act of 1946 shall be applicable to all personnel appointed or assigned under the provisions of that act as authorized herein.

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[6] For text, see page 131.

(3) Persons appointed, employed, or assigned after May 19, 1959, under section 527(c) of the Act for the purpose of performing functions under the Act outside the United States shall not, unless otherwise agreed by the agency in which such benefits may be exercised, be entitled to the benefits provided by section 528 of the Foreign Service Act of 1946 in cases in which their service under the appointment, employment, or assignment exceeds thirty months.

(b) In carrying out the provisions of section 527(c)(1) of the Act, the Secretary of State may authorize any agency to perform any functions specified therein to the extent that they relate to other functions under the Act administered by such agency.

SECTION 303. *Definitions.* As used in this order, the word "function" or "functions" embraces duties, powers, responsibilities, authority, and discretion; and the word "agency" or "agencies" embraces any department, agency, board, instrumentality, commission, or establishment of the United States Government, and any corporation partly or wholly owned by it.

SECTION 304. *References to acts and orders.* (a) Except in respect of any reference which has been or may be revoked, superseded, or otherwise made inapplicable, and except as may for any other reason be inappropriate:

(1) References in any Part of this order or in any other Executive order to the Mutual Security Act of 1954 or to this order or to any provision of either thereof, and references in this order to the Act or to any other act or to any provision of either thereof, shall be deemed to include references thereto, respectively, as amended from time to time.

(2) References in any prior Executive order not superseded under section 305(a) of this order to any provisions of any Executive order so superseded (including the reference in section 3(c) of Executive Order No. 10560 of September 9, 1954 [7] (19 F.R. 5927), as affected by the provisions of section 303(b) of Executive Order No. 10575 [8] of November 6, 1954, to Part II of the latter order) shall hereafter be deemed to be references to the corresponding provisions, if any, of this order.

(b) Any reference in this order to provisions of any appropriation act shall be deemed to include a reference to any hereafter-enacted provisions of law which are the same or substantially the same as such appropriation act provisions.

SECTION 305. *Superseded orders.* (a) The following-described orders, and parts of order, are hereby superseded:

(1) Executive Order No. 10575 [9] of November 6, 1954 (19 F.R. 7249)

(2) Executive Order No. 10610 [10] of May 9, 1955 (20 F.R. 3179)

(3) Executive Order No. 10625 [11] of August 2, 1955 (20 F. R. 5571)

(4) Executive Order No. 10663 [12] of March 24, 1956 (21 F.R. 1845)

(5) Executive Order No. 10742 [13] of November 29, 1957 (22 F.R. 9689)

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[7] For text, see page 211.
[8] For text, see page 130.
[9] For text, see page 130.
[10] For text, see page 131.
[11] Amended E.O. 10575.
[12] For text, see page 135.
[13] Amended E.O. 10575 and E.O. 10610.

(6) Sections 1 [14] and 2 [15] of Executive Order No. 10822 of May 20, 1959 (24 F.R. 4159)

(b) The foregoing provisions of this section shall not derogate from the provisions of section 301 of this order.

SECTION 306. *Saving provisions.* Except to the extent that they may be inconsistent with this order, all determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, and other actions made, issued, or entered into with respect to any function affected by this order and not revoked, superseded, or otherwise made inapplicable before the date of this order, shall continue in full force and effect until amended, modified, or terminated by appropriate authority.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *November 8, 1960.*

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[14] Amended E.O. 10575.
[15] Amended E.O. 10610.

27. Text of Letter by the President to the Heads of Departments and Agencies Concerning Executive Order No. 10893 [1]

NOVEMBER 8, 1960.

To: The Heads of Executive Departments and Agencies:

I have today signed an Executive order which is designed to carry out the provisions of the Mutual Security Act of 1954, as amended, and to provide for the administration of United States activities in foreign countries. I wish to direct particular attention to Part II of the order. The coordination and supervision of these activities is a most vital aspect of the conduct of our foreign affairs.

It is my desire that all appropriate steps be taken to assure that the Chief of the United States Diplomatic Mission is effective in discharging his role as the representative of the President. Therefore, I am instructing that, to the extent permitted by law and within the framework of established policies and programs of the United States, the Chief of Mission shall have and exercise affirmative responsibility for the coordination and supervision of all United States activities in the country to which he is accredited. It is expected that particular emphasis will be given to the following in the exercise of this authority: (1) the Chief of Mission will take affirmative responsibility for the development, coordination, and administration of diplomatic, informational, educational, and trade activities and programs; economic, technical and financial assistance; military assistance; and the disposal of surplus agricultural commodities abroad; (2) the Chief of Mission will assure compliance with standards established by higher authority, and will recommend appropriate changes in such standards and suggest desirable new standards, governing the personal conduct and the level of services and privileges accorded all United States civilian and military personnel stationed in the foreign country and report to the President upon adherence to such standards; and (3) the Chief of Mission will establish procedures so that he is kept informed of United States activities in the country. He will report promptly to the President as to any matter which he considers to need correction and with respect to which he is not empowered to effect correction.

In order that there be full understanding of the above, it is my desire that the Chief of Mission be made fully aware of his responsibilities and authority with respect to United States activities, in the country to which he is assigned, under today's order and this memorandum. Not only should instructions be issued to the United States missions, provision should also be made for complete instruction in these matters before a new Chief of Mission assumes his duties at his post. It is the

[1] Supersedes memoranda by the President of June 1, 1953 and June 16, 1953, letters by the President of November 6, 1954, and April 15, 1955 and Presidential instructions of July 24, 1956 concerning Executive Order No. 10575 and other related Mutual Security functions.

responsibility of each agency concerned to participate in the indoctrination of each Chief of Mission and take steps within the agency to instruct its personnel as to the authority of the Chief of Mission and as to the necessity of keeping him fully informed concerning current and prospective program and administrative activities.

Steps should also be taken to provide the Chief of Mission with the necessary staff assistance so he can fully carry out the assigned tasks. The Director of the Bureau of the Budget is requested (1) to take the lead, in consultation with the Department of State and other interested agencies, in developing the most appropriate method of providing the required staff facilities at the country level, and of establishing such arrangements in Washington, as may be necessary to enable each Chief of Mission to carry out effectively his responsibilities as the representative of the President, and (2) to present to the President appropriate recommendations with respect to such facilities and arrangements.

The following prior Presidential documents (related to the subject of this memorandum or of today's Executive order), to the extent not previously rendered obsolete or otherwise inapplicable, are hereby superseded:

1. The June 1, 1953, memorandum regarding the reorganization of the Executive Branch for the conduct of foreign affairs.
2. The memorandum of three heads of departments and the Director for Mutual Security concerning the reorganization of the Special Representative in Europe, which was approved June 16, 1953.
3. The November 6, 1954, letter concerning Executive Order No. 10575, etc.
4. The April 15, 1955, letter to the Secretary of State concerning the establishment of the International Cooperation Administration, etc.
5. The July 24, 1956, memorandum concerning administration of overseas functions.
6. The November 19, 1959, memorandum concerning reports required by sections 111(a) and 111(b) of the Mutual Security Appropriation Act, 1960.

This memorandum shall be published in the Federal Register.

DWIGHT D. EISENHOWER.

28. Memorandum on the United States Organization for Economic Aid Assistance in Korea

MARCH 10, 1959.

MEMORANDUM FOR AGREEMENT BETWEEN THE DEPARTMENTS OF STATE AND DEFENSE [1]

With reference to the provisions of Memorandum on the United States Organization for Economic Aid Activities in Korea, dated August 7, 1953, which is hereby superseded, and with reference to Executive Order No. 10575, as amended, and the Presidential Message to Chiefs of Diplomatic Mission, dated July 24, 1956, the Departments of State and Defense have agreed as follows:

1. United States aid programs in Korea will be administered in accordance with the provisions of Executive Order 10575, as amended, and as supplemented by the Presidential Message to Chiefs of Diplomatic Mission, dated July 24, 1956. The Commander of United States Forces in Korea will designate a senior officer to serve as Chief of the Military Assistance Advisory Group who will perform his functions as such, subject to coordination by the United States Ambassador to Korea.

2. U.S. economic and military assistance advisory missions and the U.S. Ambassador will recommend the apportionment between military and economic programs of United States controlled local currency and defense support counterpart in Korea. Final determination as between military and economic programs will be made by the Secretary of State in consultation with the Secretary of Defense. No change is intended in the policies and practices heretofore followed in the allocation of such currencies, which policies and practices, consonant with the maintenance of a healthy economy, have afforded priority to military requirements of the Korean armed forces in support of the force levels approved by the National Security Council.

3. The Commander-in-Chief United Nations Command in his capacity as the Commander of the United States Forces in Korea shall be responsible for development of military programs, for negotiation with the authorities of the Republic of Korea concerning the use of all funds apportioned for military purposes in accordance with paragraph 2, and for the administration of such funds.

/s/ CHRISTIAN A. HERTER,
Acting Secretary of State.

/s/ NEIL MCELROY,
Secretary of Defense.

APPROVED:

/s/ DWIGHT D. EISENHOWER.

MARCH 20, 1959.

[1] On June 26, 1959, the American Ambassador in Seoul sent to the ROKG Minister of Foreign Affairs a note advising him of the terms of this Memorandum.

B. INFORMATION, CULTURAL EXCHANGE AND EDUCATIONAL EXCHANGE PROGRAMS

1. United States Information and Educational Exchange Act of 1948, as amended

Text of Public Law 402, 80th Congress [H. R. 3342], 62 Stat. 6, approved January 27, 1948; as amended by Public Law 298, 82d Congress [S. 2077], 66 Stat. 43, approved April 5, 1952; Public Law 414, 82d Congress [H. R. 5678], 66 Stat. 276, approved June 27, 1952; Public Law 665, 83d Congress [H. R. 9678], 68 Stat. 862, approved August 26, 1954; Public Law 555, 84th Congress [S. 2562], 70 Stat. 241, approved June 4, 1956; Public Law 726, 84th Congress [H. R. 11356], 70 Stat. 555, approved July 18, 1956; and Public Law 85-477, 85th Congress, 72 Stat. 261, approved June 30, 1958

AN ACT To promote the better understanding of the United States among the peoples of the world and to strengthen cooperative international relations.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SHORT TITLE, OBJECTIVES, AND DEFINITIONS

SHORT TITLE

SECTION 1. This Act may be cited as the "United States Information and Educational Exchange Act of 1948".

OBJECTIVES

SEC. 2.[1] The Congress hereby declares that the objectives of this Act are to enable the Government of the United States to promote a better understanding of the United States in other countries, and to increase mutual understanding between the people of the United States and the people of other countries. Among the means to be used in achieving these objectives are—

(1) an information service to disseminate abroad information about the United States, its people, and policies promulgated by the Congress, the President, the Secretary of State and other responsible officials of Government having to do with matters affecting foreign affairs;

(2) an educational exchange service to cooperate with other nations in—

(a) the interchange of persons, knowledge, and skills;

(b) the rendering of technical and other services;

(c) the interchange of developments in the field of education, the arts, and sciences.

[1] 22 U. S. C. § 1431.

UNITED NATIONS

SEC. 3.[2] In carrying out the objectives of this Act, information concerning the participation of the United States in the United Nations, its organizations and functions, shall be emphasized.

DEFINITIONS

SEC. 4.[3] When used in this Act, the term—

(1) "Secretary" means the Secretary of State.

(2) "Department" means the Department of State.

(3) "Government agency" means any executive department, board, bureau, commission, or other agency of the Federal Government, or independent establishment, or any corporation wholly owned (either directly or through one or more corporations) by the United States.

TITLE II—INTERCHANGE OF PERSONS, KNOWLEDGE AND SKILLS

PERSONS

SEC. 201.[4] (a) The Secretary is authorized to provide for interchanges on a reciprocal basis between the United States and other countries of students, trainees, teachers, guest instructors, professors, and leaders in fields of specialized knowledge or skill and shall wherever possible provide these interchanges by using the services of existing reputable agencies which are successfully engaged in such activity. The Secretary may provide for orientation courses and other appropriate services for such persons from other countries upon their arrival in the United States, and for such persons going to other countries from the United States. When any country fails or refuses to cooperate in such program on a basis of reciprocity the Secretary shall terminate or limit such program, with respect to such country, to the extent he deems to be advisable in the interests of the United States. The persons specified in this section shall be admitted as nonimmigrants under section 101 (a) (15) of the Immigration and Nationality Act, for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General. A person admitted under this section who fails to maintain the status under which he was admitted or who fails to depart from the United States at the expiration of the time for which he was admitted, or who engages in activities of a political nature detrimental to the interests of the United States, or in activities not consistent with the security of the United States, shall, upon the warrant of the Attorney General, be taken into custody and promptly deported pursuant to sections 241, 242, and 243 of the Immigration and Nationality Act. Deportation proceedings under this section shall be summary and the findings of the Attorney General as to matters of fact shall be conclusive. Such persons shall not be eligible for suspension of deportation under section 244 of the Immigration and Nationality Act.[5]

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[2] 22 U. S. C. § 1432.
[3] 22 U. S. C. § 1433.
[4] 22 U. S. C. § 1446.
[5] This section was revised by sec. 402 (f) of the Act of June 27, 1952, to correct references by making them applicable to the new Immigration and Nationalization Act.

(b) No person admitted as an exchange visitor under this section or acquiring exchange visitor status after admission shall be eligible to apply for an immigrant visa, or for a nonimmigrant visa under section 101 (a) (15) (H) of the Immigration and Nationality Act, or for adjustment of status to that of an alien lawfully admitted for permanent residence, until it is established that such person has resided and been physically present in a cooperating country or countries for an aggregate of at least two years following departure from the United States: *Provided*, That upon request of an interested Government agency and the recommendation of the Secretary of State, the Attorney General may waive such two-year period of residence abroad in the case of any alien whose admission to the United States is found by the Attorney General to be in the public interest: *And provided further*, That the provisions of this paragraph shall apply only to those persons acquiring exchange visitor status subsequent to the date of the enactment hereof.[6]

BOOKS AND MATERIALS

SEC. 202.[7] The Secretary is authorized to provide for interchanges between the United States and other countries of books and periodicals, including government publications, for the translation of such writings, and for the preparation, distribution, and interchange of other educational materials.

INSTITUTIONS

SEC. 203.[8] The Secretary is authorized to provide for assistance to schools, libraries, and community centers abroad, founded or sponsored by citizens of the United States, and serving as demonstration centers for methods and practices employed in the United States. In assisting any such schools, however, the Secretary shall exercise no control over their educational policies and shall in no case furnish assistance of any character which is not in keeping with the free democratic principles and the established foreign policy of the United States.[9]

TITLE III—ASSIGNMENT OF SPECIALISTS

PERSONS TO BE ASSIGNED

SEC. 301.[10] The Secretary is authorized, when the government of another country is desirous of obtaining the services of a person having special scientific or other technical or professional qualifications, from time to time to assign or authorize the assignment for service, to or in cooperation with such government, any citizen of the United States in the employ or service of the Government of the United States who has such qualifications, with the approval of the Government agency in which such person is employed or serving. No person shall be assigned for service to or in cooperation with the government of any country unless (1) the Secretary finds that such assignment is neces-

[6] Sec. 201 was designated (a) and a new subsec. (b) was added by the Act of June 4, 1956, Public Law 555, 84th Cong. (70 Stat. 241).
[7] 22 U. S. C. § 1447.
[8] 22 U. S. C. § 1448.
[9] This section is referred to in sec. 104 (j) of Public Law 480, 83d Cong. (68 Stat. 454), as amended by Public Law 962, 84th Cong. (70 Stat. 988), approved August 3, 1956.
[10] 22 U. S. C. § 1451.

sary in the national interest of the United States, or (2) such government agrees to reimburse the United States in an amount equal to the compensation, travel expenses, and allowances payable to such person during the period of such assignment in accordance with the provisions of section 302, or (3) such government shall have made an advance of funds, property, or services as provided in section 902. Nothing in this Act, however, shall authorize the assignment of such personnel for service relating to the organization, training, operation, development, or combat equipment of the armed forces of a foreign government.

STATUS AND ALLOWANCES

SEC. 302.[11] Any citizen of the United States, while assigned for service to or in cooperation with another government under the authority of this Act, shall be considered, for the purpose of preserving his rights, allowances, and privileges as such, an officer or employee of the Government of the United States and of the Government agency from which assigned and he shall continue to receive compensation from that agency. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 (3) of the Foreign Service Act of 1946 (60 Stat. 999). 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.

ACCEPTANCE OF OFFICE UNDER ANOTHER GOVERNMENT

SEC. 303.[12] Any citizen of the United States while assigned for service to or in cooperation with another government under authority of this Act may, at the discretion of his Government agency, with the concurrence of the Secretary, and without additional compensation therefor, accept an office under the government to which he is assigned, if the acceptance of such an office in the opinion of such agency is necessary to permit the effective performance of duties for which he is assigned, including the making or approving on behalf of such foreign government the disbursement of funds provided by such government or of receiving from such foreign government funds for deposit and disbursement on behalf of such government, in carrying out programs undertaken pursuant to this Act: *Provided, however*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

TITLE IV—PARTICIPATION BY GOVERNMENT AGENCIES

GENERAL AUTHORITY

SEC. 401.[13] The Secretary is authorized, in carrying on any activity under the authority of this Act, to utilize, with the approval of the President, the services, facilities, and personnel of the other Government agencies. Whenever the Secretary shall use the services, facili-

[11] 22 U. S. C. § 1452.
[12] 22 U. S. C. § 1453.
[13] 22 U. S. C. § 1456.

ties, or personnel of any Government agency for activities under authority of this Act, the Secretary shall pay for such performance out of funds available to the Secretary under this Act, either in advance, by reimbursement, or direct transfer. The Secretary shall include in each report submitted to the Congress under section 1008 a statement of the services, facilities, and personnel of other Government agencies utilized in carrying on activities under the authority of this Act, showing the names and salaries of the personnel utilized, or performing services utilized, during the period covered by such report, and the amounts paid to such other agencies under this section as payment for such performance.

TECHNICAL AND OTHER SERVICES

SEC. 402.[14] A Government agency, at the request of the Secretary, may perform such technical or other services as such agency may be competent to render for the government of another country desirous of obtaining such services, upon terms and conditions which are satisfactory to the Secretary and to the head of the Government agency, when it is determined by the Secretary that such services will contribute to the purposes of this Act. However, nothing in this Act shall authorize the performance of services relating to the organization, training, operation, development, or combat equipment of the armed forces of a foreign government.

POLICY GOVERNING SERVICES

SEC. 403.[15] In authorizing the performance of technical and other services under this title, it is the sense of the Congress (1) that the Secretary shall encourage through any appropriate Government agency the performance of such services to foreign governments by qualified private American individuals and agencies, and shall not enter into the performance of such services to any foreign government where such services may be performed adequately by qualified private American individuals and agencies and such qualified individuals and agencies are available for the performance of such services; (2) that if such services are rendered by a Government agency, they shall demonstrate the technical accomplishments of the United States, such services being of an advisory, investigative, or instructional nature, or a demonstration of a technical process; (3) that such services shall not include the construction of public works or the supervision of the construction of public works, and that, under authority of this Act, a Government agency shall render engineering services related to public works only when the Secretary shall determine that the national interest demands the rendering of such services by a Government agency, but this policy shall not be interpreted to preclude the assignment of individual specialists as advisers to other governments as provided under title III of this Act, together with such incidental assistance as may be necessary for the accomplishment of their individual assignments.

[14] 22 U. S. C. § 1457.
[15] 22 U. S. C. § 1458.

TITLE V—DISSEMINATING INFORMATION ABOUT THE UNITED STATES ABROAD

GENERAL AUTHORIZATION

SEC. 501.[16] The Secretary is authorized, when he finds it appropriate, to provide for the preparation, and dissemination abroad, of information about the United States, its people, and its policies, through press, publications, radio, motion pictures, and other information media, and through information centers and instructors abroad. Any such press release or radio script, on request, shall be available in the English language at the Department of State, at all reasonable times following its release as information abroad, for examination by representatives of United States press associations, newspapers, magazines, radio systems, and stations, and, on request, shall be made available to Members of Congress.

POLICIES GOVERNING INFORMATION ACTIVITIES

SEC. 502.[17] In authorizing international information activities under this Act, it is the sense of the Congress (1) that the Secretary shall reduce such Government information activities whenever corresponding private information dissemination is found to be adequate; (2) that nothing in this Act shall be construed to give the Department a monopoly in the production or sponsorship on the air of short-wave broadcasting programs, or a monopoly in any other medium of information.

TITLE VI—ADVISORY COMMISSIONS TO FORMULATE POLICIES

SEC. 601.[18] There are hereby created two advisory commissions, (1) United States Advisory Commission on Information (hereinafter in this title referred to as the Commission on Information) and (2) United States Advisory Commission on Educational Exchange (hereinafter in this title referred to as the Commission on Educational Exchange) to be constituted as provided in section 602. The Commissions shall formulate and recommend to the Secretary policies and programs for the carrying out of this Act: *Provided, however*, That the commissions created by this section shall have no authority over the Board of Foreign Scholarships or the program created by Public Law 584 of the Seventy-ninth Congress, enacted August 1, 1946, or the United States National Commission for UNESCO.

MEMBERSHIP OF THE COMMISSION; GENERAL PROVISIONS

SEC. 602.[19] (a) Each Commission shall consist of five members, not more than three of whom shall be from any one political party. Members shall be appointed by the President, by and with the advice

[16] 22 U. S. C. § 1461.
[17] 22 U. S. C. § 1462.
[18] 22 U. S. C. § 1466.
[19] 22 U. S. C. § 1467.

and consent of the Senate. No person holding any compensated Federal or State office shall be eligible for appointment.

(b) The members of the Commission on Information shall represent the public interest, and shall be selected from a cross section of professional, business, and public service backgrounds.

(c) The members of the Commission on Educational Exchange shall represent the public interest and shall be selected from a cross section of educational, cultural, scientific, technical, and public service backgrounds.

(d) The term of each member appointed under subsection (a) of this section shall be three years, except that the terms of office of such members first taking office on each Commission shall expire, as designated by the President at the time of appointment, two at the end of one year, two at the end of two years, and one at the end of three years from the date of the enactment of this Act. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor is appointed shall be appointed for the remainder of such term. Upon the expiration of his term of office any member may continue to serve until his successor is appointed and has qualified.

(e) The President shall designate a chairman for each Commission from among members of the Commission.

(f) The members of the Commissions shall receive no compensation for their services as such members but shall be entitled to reimbursement for travel and subsistence in connection with attendance of meetings of the Commissions away from their places of residences, as provided in subsection (6) of section 801 of this Act.

(g) The Commissions are authorized to adopt such rules and regulations as they may deem necessary to carry out the authority conferred upon them by this title.

(h) The Department is authorized to provide the necessary secretarial and clerical assistance for the Commissions.

RECOMMENDATIONS AND REPORTS

SEC. 603.[20] The Commissions shall meet not less frequently than once each month during the first six months after their establishment, and thereafter at such intervals as the Commissions find advisable, and shall transmit to the Secretary a quarterly report, and to the Congress a semiannual report of all programs and activities carried on under the authority of this Act, including appraisals, where feasible, as to the effectiveness of the several programs, and such recommendations as shall have been made by the Commissions to the Secretary for effectuating the purposes and objectives of this Act and the action taken to carry out such recommendations.

TITLE VII—APPROPRIATIONS

GENERAL AUTHORIZATION

SEC. 701.[21] Appropriations to carry out the purposes of this Act are hereby authorized.

[20] 22 U. S. C. § 1468.
[21] 22 U. S. C. § 1476.

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TRANSFER OF FUNDS

SEC. 702.[22] The Secretary shall authorize the transfer to other Government agencies for expenditure in the United States and in other countries, in order to carry out the purposes of this Act, any part of any appropriations available to the Department for carrying out the purposes of this Act, for direct expenditure or as a working fund, and any such expenditures may be made under the specific authority contained in this Act or under the authority governing the activities of the Government agency to which a part of any such appropriation is transferred, provided the activities come within the scope of this Act.

TITLE VIII—ADMINISTRATIVE PROCEDURES

THE SECRETARY

SEC. 801.[23] In carrying out the purposes of this Act, the Secretary is authorized, in addition to and not in limitation of the authority otherwise vested in him—

(1) in carrying out title II of this Act, within the limitation of such appropriations as the Congress may provide to make grants of money, services, or materials to State and local governmental institutions in the United States, to governmental institutions in other countries, and to individuals and public or private nonprofit organizations both in the United States and in other countries;

(2) to furnish, sell, or rent, by contract or otherwise, educational and information materials and equipment for dissemination to, or use by, peoples of foreign countries;

(3) whenever necessary in carrying out title V of this Act, to purchase, rent, construct, improve, maintain, and operate facilities for radio transmission and reception, including the leasing of real property both within and without the continental limits of the United States for periods not to exceed ten years, or for longer periods if provided for by the appropriation Act;

(4) to provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the Act of March 1, 1919 (44 U. S. C. 111);

(5) to employ, without regard to the civil-service and classification laws, when such employment is provided for by the appropriation Act, (i) persons on a temporary basis and (ii) aliens within the United States, but such employment of aliens shall be limited to services related to the translation or narration of colloquial speech in foreign languages when suitably qualified United States citizens are not available; and

(6) to create with the approval of the Commission on Information and the Commission on Educational Exchange, such advisory committees as the Secretary may decide to be of assistance in formulating his policies for carrying out the purposes of this Act. No committee member shall be allowed any salary or other compensation for services; but he may be paid his actual trans-

[22] 22 U. S. C. § 1477.
[23] 22 U. S. C. § 1471.

portation expenses, and not to exceed $10 per diem in lieu of subsistence and other expenses, while away from his home in attendance upon meetings within the United States or in consultation with the Department under instructions.

GOVERNMENT AGENCIES

SEC. 802.[24] In carrying on activities which further the purposes of this Act, subject to approval of such activities by the Secretary, the Department and the other Government agencies are authorized—

(1) to place orders and make purchases and rentals of materials and equipment;

(2) to make contracts, including contracts with governmental agencies, foreign or domestic, including subdivisions thereof, and intergovernmental organizations of which the United States is a member, and, with respect to contracts entered into in foreign countries, without regard to section 3741 of the Revised Statutes (41 U. S. C. 22);

(3) under such regulations as the Secretary may prescribe, to pay the transportation expenses, and not to exceed $10 per diem in lieu of subsistence and other expenses, of citizens or subjects of other countries, without regard to the Standardized Government Travel Regulations and the Subsistence Act of 1926, as amended; and

(4) to make grants for, and to pay expenses incident to, training and study.

MAXIMUM USE OF EXISTING GOVERNMENT PROPERTY AND FACILITIES

SEC. 803.[25] In carrying on activities under this Act which require the utilization of Government property and facilities, maximum use shall be made of existing Government property and facilities.

TITLE IX—FUNDS PROVIDED BY OTHER SOURCES

REIMBURSEMENT

SEC. 901.[26] The Secretary shall, when he finds it in the public interest, request and accept reimbursement from any cooperating governmental or private source in a foreign country, or from State or local governmental institutions or private sources in the United States, for all or part of the expenses of any portion of the program undertaken hereunder. The amounts so received shall be covered into the Treasury as miscellaneous receipts.

ADVANCE OF FUNDS

SEC. 902.[27] If any other government shall express the desire to provide funds, property, or services to be used by this Government, in whole or in part, for the expenses of any specific part of the program undertaken pursuant to this Act, the Secretary is authorized, when he finds it in the public interest, to accept such funds, property, or

[24] 22 U. S. C. § 1472.
[25] 22 U. S. C. § 1473.
[26] 22 U. S. C. § 1478.
[27] 22 U. S. C. § 1479.

services. Funds so received may be established as a special deposit account in the Treasury of the United States, to be available for the specified purpose, and to be used for reimbursement of appropriations or direct expenditure, subject to the provisions of this Act. Any unexpended balance of the special deposit account and other property received, under this section and no longer required for the purposes for which provided shall be returned to the government providing the funds or property.

TITLE X—MISCELLANEOUS

LOYALTY CHECK ON PERSONNEL

SEC. 1001.[28] No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government under this Act until such individual has been investigated by the Civil Service Commission and a report thereon has been made to the Secretary of State: *Provided, however*, That any present employee of the Government, pending the report as to such employee by the Civil Service Commission, may be employed or assigned to duties under this Act for the period of six months from the date of its enactment. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.[29]

DELEGATION OF AUTHORITY

SEC. 1002.[30] The Secretary may delegate, to such officers of the Government as the Secretary determines to be appropriate, any of the powers conferred upon him by this Act to the extent that he finds such delegation to be in the interest of the purposes expressed in this Act and the efficient administration of the programs undertaken pursuant to this Act.

RESTRICTED INFORMATION

SEC. 1003.[31] Nothing in this Act shall authorize the disclosure of any information or knowledge in any case in which such disclosure (1) is prohibited by any other law of the United States, or (2) is inconsistent with the security of the United States.

REPEAL OF ACT OF MAY 25, 1938, AS AMENDED

SEC. 1004.[32] (a) The Act of May 25, 1938, entitled "An Act authorizing the temporary detail of United States employees, possessing special qualifications, to governments of American Republics and the Philippines, and for other purposes," as amended (52 Stat. 442; 53 Stat. 652), is hereby repealed.

(b) Existing Executive orders and regulations pertaining to the administration of such Act of May 25, 1938, as amended, shall remain

[28] 22 U. S. C. § 1434.
[29] This section was amended by the Act of April 5, 1952, Public Law 298, 82d Congress (66 Stat. 43), substituting "Civil Service Commission" for "Federal Bureau of Investigation" where it appeared.
[30] 22 U. S. C. § 1435.
[31] 22 U. S. C. § 1436.
[32] Not codified.

in effect until superseded by regulations prescribed under the provisions of this Act.

(c) Any reference in the Foreign Service Act of 1946 (60 Stat. 999), or in any other law, to provisions of such Act of May 25, 1938, as amended, shall be construed to be applicable to the appropriate provisions of titles III and IX of this Act.

UTILIZATION OF PRIVATE AGENCIES

SEC. 1005.[33] In carrying out the provisions of this Act it shall be the duty of the Secretary to utilize, to the maximum extent practicable, the services and facilities of private agencies, including existing American press, publishing, radio, motion picture, and other agencies, through contractual arrangements or otherwise. It is the intent of Congress that the Secretary shall encourage participation in carrying out the purposes of this Act by the maximum number of different private agencies in each field consistent with the present or potential market for their services in each country.

TERMINATION PURSUANT TO CONCURRENT RESOLUTION OF CONGRESS

SEC. 1006.[34] The authority granted under this Act shall terminate whenever such termination is directed by concurrent resolution of the two Houses of the Congress.

VETERANS' PREFERENCE ACT

SEC. 1007.[35] No provision of this Act shall be construed to modify or to repeal the provisions of the Veterans' Preference Act of 1944.

REPORTS TO CONGRESS

SEC. 1008.[36] The Secretary shall submit to the Congress semiannual reports of expenditures made and activities carried on under authority of this Act, inclusive of appraisals and measurements, where feasible, as to the effectiveness of the several programs in each country where conducted.

REGULATORY PROVISIONS TO APPLY TO ALL INTERNATIONAL INFORMATION ACTIVITIES AND EDUCATIONAL EXCHANGES OF STATE DEPARTMENT

SEC. 1009.[37] All provisions in this Act regulating the administration of international information activities and educational exchanges provided herein, shall apply to all such international activities under jurisdiction of the Department of State.

SEPARABILITY OF PROVISIONS

SEC. 1010.[38] If any provision of this Act or the application of any such provision to any person or circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such

[33] 22 U. S. C. § 1437.
[34] Not codified.
[35] 22 U. S. C. § 1438.
[36] 22 U. S. C. § 1439.
[37] 22 U. S. C. § 1440.
[38] Not codified.

provision to other persons or circumstances shall not be affected thereby.

INFORMATIONAL MEDIA GUARANTIES

SEC. 1011.[39] (a) The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States:[40] *Provided*, That the purpose of making informational media guaranties shall be the achievement of the foreign policy objectives of the United States, including the objective mentioned in sections 413 (b) (4) (A) and 413 (b) (4) (G) of the Mutual Security Act of 1954, as amended.[41]

(b) The Director is authorized to assume the obligation of not to exceed $28,000,000 of the notes authorized to be issued pursuant to subsection 111 (c) (2) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1509 (c) (2)), together with the interest accrued and unpaid thereon, and to obtain advances from time to time from the Secretary of the Treasury up to such amount, less amounts previously advanced on such notes, as provided for in said notes. Such advances shall be deposited in a special account in the Treasury available for payments under informational media guaranties.

(c) The Director is authorized to make informational media guaranties without regard to the limitations of time contained in subsection 413 (b) (4) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4)), but the total of such guaranties outstanding at any one time shall not exceed the sum of the face amount of the notes assumed by the Director less the amounts previously advanced on such notes by the Secretary of the Treasury plus the amount of the funds in the special account referred to in subsection (b).

(d) Foreign currencies available after June 30, 1955, from conversions made pursuant to the obligation of informational media guaranties may be sold, in accordance with Treasury Department regulations, for dollars which shall be deposited in the special account and shall be available for payments under new guaranties. Such currencies shall be available, as may be provided for by the Congress in appropriation Acts, for use for educational, scientific, and cultural purposes which are in the national interest of the United States, and for such other purposes of mutual interest as may be agreed to by the governments of the United States and the country from which the currencies derive.

(e) Notwithstanding the provisions of subparagraph 413 (b) (4) (E) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b) (4) (E), (1)) fees collected for the issuance of informational media guaranties shall be deposited in the special account and shall be available for payments under informational media guaranties; and (2) the Director may require the payment of a minimum charge of up to fifty dollars for issuance of guaranty contracts, or amendments thereto.

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[39] 22 U. S. C. § 1442.

[40] This subsection was added by the Mutual Security Act of 1954, approved August 26, 1954 (68 Stat. 862).

[41] This proviso was added by the Mutual Security Act of 1959, approved July 24, 1959 (73 Stat. 246).

(f) The Director is further authorized, under such terms as he may prescribe, to make advance payments under informational media guaranties: *Provided*, That currencies receivable from holders of such guaranties on account of such advance payments shall be paid to the United States within nine months from the date of the advance payment and that appropriate security to assure such payments is required before any advance payment is made.

(g) As soon as feasible after the enactment of this subsection, all assets, liabilities, income, expenses, and charges of whatever kind pertaining to informational media guaranties, including any charges against the authority to issue notes provided in section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, cumulative from the enactment of that Act, shall be accounted for separately from other guaranties issued pursuant to subsection 413 (b) of the Mutual Security Act of 1954, as amended (22 U. S. C. 1933 (b)): *Provided*, That there shall be transferred from the special account established pursuant to subsection (b), into the account available for payments under guaranties other than informational media guaranties, an amount equal to the total of the fees received for the issuance of guaranties other than informational media guaranties, and used to make payments under informational media guaranties.[42]

(h) (1) There is authorized to be appropriated annually an amount to restore in whole or in part any realized impairment to the capital used in carrying on the authority to make informational media guaranties, as provided in subsection (c), through the end of the last completed fiscal year.

(2) Such impairment shall consist of the amount by which the losses incurred and interest accrued on notes exceed the revenue earned and any previous appropriations made for the restoration of impairment. Losses shall include the dollar losses on foreign currencies sold, and the dollar cost of 1creign currencies which (a) the Secretary of the Treasury, after consultation with the Director, has determined to be unavailable for, or in excess of, requirements of the United States, or (b) have been transferred to other accounts without reimbursement to the special account.

(3) Dollars appropriated pursuant to this section shall be applied to the payment of interest and in satisfaction of notes issued or assumed hereunder, and to the extent of such application to the principal of the notes, the Director is authorized to issue notes to the Secretary of the Treasury which will bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the guaranties. The currencies determined to be unavailable for, or in excess of, requirements of the United States as provided above shall be transferred to the Secretary of the Treasury to be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts.[43]

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[42] Section 1011 redesignated (a) and new subsections (d) through (g) added by the Mutual Security Act of 1956, approved July 18, 1956 (70 Stat. 555).

[43] Section (h) was added by the Mutual Security Act of 1958, approved June 30, 1958 (72 Stat. 261).

2. Government-Owned Facilities for International Broadcasting

Text of Public Law 161, 81st Congress [H. R. 2282], Approved July 9, 1949 [1]

AN ACT To make certain Government-owned facilities available for international broadcasting in the furtherance of authorized programs of the Department of State, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purpose of assuring continued operation of the facilities hereinafter described for international broadcasting as a means of achieving the objectives of the United States Information and Educational Exchange Act of 1948 (Public Law 402, Eightieth Congress) under authority of that Act, the Reconstruction Finance Corporation, as successor to Defense Plant Corporation, shall transfer, without regard to the provisions of the Surplus Property Act of 1944, as amended, and without reimbursement or transfer of funds, to the Secretary of State (hereinafter referred to as the "Secretary") all of its right, title, and interest in and to the facilities known as Plancors 1805, 1985, and 1986 located in Butler County, Ohio, in the vicinity of Delano, California, and Dixon, California, respectively, together with the equipment and other property appurtenant thereto. For the purpose of this Act, the Secretary is authorized to acquire property or rights or interests therein necessary or desirable for the operation of such facilities by purchase, lease, gift, transfer, condemnation, or otherwise.

SEC. 2. Whenever the Secretary finds that the operation of the facilities herein authorized to be transferred is no longer necessary or desirable, he shall report such fact to Congress with his recommendations for the disposition of such facilities.

SEC. 3. The Department of State shall assume all obligations of the Reconstruction Finance Corporation covering operations of said facilities, equipment, and appurtenant property outstanding at the date of transfer.

Approved July 9, 1949.

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[1] Not codified.

3. Reorganization Plan No. 8 of 1953 [1]

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, June 1, 1953, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended

UNITED STATES INFORMATION AGENCY

SECTION 1. *Establishment of agency.*—(a) There is hereby established a new agency which shall be known as the United States Information Agency, hereinafter referred to as the Agency.

(b) There shall be at the head of the Agency a Director of the United States Information Agency, hereinafter referred to as the Director. The Director shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate of $21,000 a year. The Secretary of State shall advise with the President concerning the appointment and tenure of the Director.[2]

(c) There shall be in the Agency a Deputy Director of the United States Information Agency, who shall be appointed by the President by and with the advice and consent of the Senate, and who shall receive compensation at the rate of $20,500 a year. The Deputy Director shall perform such functions as the Director shall from time to time designate, and shall act as Director during the absence or disability of the Director or in the event of a vacancy in the office of the Director.[3]

(d) There are hereby established in the Agency so many new offices, not in excess of fifteen existing at any one time, and with such title or titles, as the Director shall from time to time determine. Appointment thereto shall be under the classified civil service and the compensation thereof shall be fixed from time to time pursuant to the classification laws, as now or hereafter amended.[4]

SEC. 2. *Transfer of functions.*—(a) Subject to subsection (c) of this section, there are hereby transferred to the Director, (1) the functions vested in the Secretary of State by Title V of the United States Information and Educational Exchange Act of 1948, as amended, and so much of functions with respect to the interchange of books and periodicals and aid to libraries and community centers under sections 202 and 203 of the said Act as is an integral part of information programs under that Act, together with so much of the functions vested in the Secretary of State by other provisions of the said Act as is incidental to or is necessary for the performance of the functions under Title V and sections 202 and 203 transferred by

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[1] 22 U. S. C. § 1461 (note).

[2] Salary increased from $17,500 by Federal Executive Pay Act of 1956, Public Law 854, 84th Congress (70 Stat. 736).

[3] Salary increased from $16,000 by the same Act.

[4] Sec. 12 (c) (21) of the Federal Employees' Salary Increase Act of 1955, Public Law 94, 84th Congress (69 Stat. 183), repealed the following language which originally completed the subsection "except that the compensation may be fixed without regard to the numerical limitations on positions set forth in section 505 of the Classification Act of 1949, as amended (5 U. S. C. 1105)."

this section, and (2) functions of the Secretary of State with respect to information programs relating to Germany and Austria.

(b) Exclusive of so much thereof as is an integral part of economic or technical assistance programs, without regard to any inconsistent provision of Reorganization Plan No. 7 of 1953, and subject to subsection (c) of this section, functions with respect to foreign information programs vested by the Mutual Security Act of 1951, as amended, in the Director for Mutual Security provided for in section 501 of the said Act are hereby transferred to the Director.

(c) (1) The Secretary of State shall direct the policy and control the content of a program, for use abroad, on official United States positions, including interpretations of current events, identified as official positions by an exclusive descriptive label.

(2) The Secretary of State shall continue to provide to the Director on a current basis full guidance concerning the foreign policy of the United States.

(3) Nothing herein shall affect the functions of the Secretary of State with respect to conducting negotiations with other governments.

(d) To the extent the President deems it necessary in order to carry out the functions transferred by the foregoing provisions of this section, he may authorize the Director to exercise, in relation to the respective functions so transferred, any authority or part thereof available by law, including appropriation acts, to the Secretary of State, the Director for Mutual Security, or the Director of the Foreign Operations Administration, in respect of the said transferred functions.

SEC. 3. *Performance of transferred functions.*—(a) The Director may from time to time make such provisions as he shall deem appropriate authorizing the performance of any function of the Director by any other officer, or by any employee or organizational entity, of the Agency.

(b) Representatives of the United States carrying out the functions transferred by section 2 hereof in each foreign country shall be subject to such procedures as the President may prescribe to assure coordination among such representatives in each country under the leadership of the Chief of the United States Diplomatic Mission.

SEC. 4. *Incidental transfers.*—(a) So much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds, employed, used, held available, or to be made available in connection with the functions transferred or vested by this reorganization plan as the Director of the Bureau of the Budget shall determine shall be transferred to the Agency at such time or times as he shall direct.

(b) Such further measures and dispositions as the Director of the Bureau of the Budget shall deem to be necessary in order to effectuate the transfers provided for in subsection (a) of this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

SEC. 5. *Interim provisions.*—Pending the initial appointment under section 1 of this reorganization plan of the Director and Deputy Director, respectively, therein provided for, their functions shall be performed temporarily, but not for a period in excess of 60 days, by such officers of the Department of State or the Mutual Security Agency as the President shall designate.

4. Executive Order No. 10477

Text of Executive Order No. 10477, August 1, 1953, 18 F. R. 4540, as amended by Executive Order No. 10822, May 20, 1959, 24 F. R. 4159

AUTHORIZING THE DIRECTOR OF THE UNITED STATES INFORMATION AGENCY TO EXERCISE CERTAIN AUTHORITY AVAILABLE BY LAW TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE FOREIGN OPERATIONS ADMINISTRATION

By virtue of the authority vested in me by section 2 (d) of Reorganization Plan No. 8 of 1953, and as President of the United States, it is ordered as follows:

SECTION 1. *Determination.* It is hereby determined that it is necessary, in order to carry out the functions transferred to the Director of the United States Information Agency (hereinafter referred to as the Director) by the provisions of subsections (a), (b), and (c) of section 2 of the said Reorganization Plan No. 8 of 1953, to authorize the Director to exercise, in relation to the respective function so transferred, the authority specified in sections 2 and 3 hereof.

SEC. 2. *Authority under the Foreign Service Act and related laws.* (a) Except as provided in section 2 (c) of this order, the Director is authorized to exercise, with respect to Foreign Service Reserve officers, Foreign Service staff officers and employees, and alien clerks and employees employed to perform the said transferred functions, the authority available to the Secretary of State under the Foreign Service Act of 1946, 60 Stat. 999, as heretofore or hereafter amended, or under any other provision of law pertaining specifically, or generally applicable, to Foreign Service Reserve officers, Foreign Service staff officers and employees, and alien clerks and employees, including the authority to prescribe regulations, not inconsistent with applicable laws, incident to the exercise of such authority, and including also the authority available to the Secretary of State under section 571 of the Foreign Service Act of 1956 as amended.[1] The Director is further authorized to exercise in the performance of the said transferred functions the authority available to the Secretary of State under sections 561 and 562 of the Foreign Service Act of 1946, as amended, and under sections 1021 through 1071 thereof.

(b) The prohibitions and requirements contained in sections 1001 through 1005 and section 1011 of the Foreign Service Act of 1946, as amended, shall be applicable to the personnel of the United States Information Agency.

(c) There are hereby excluded from the authority granted to the Director by section 2 (a) of this order the following-described powers now vested in or delegated to the Secretary of State:

(1) The authority of the Secretary of State to make recommendations to the President for the commissioning of Foreign Service Re-

[1] The last clause of this sentence, beginning with the words "and including also" added by Sec. 3 of Executive Order 10822.

serve officers as diplomatic or consular officers, or both, under section 524 of the Foreign Service Act of 1946, as amended, and to make recommendations for the commissioning of Foreign Service staff officers or employees as consuls under section 533 of such act, and the authority of the Secretary to commission Foreign Service staff officers as vice consuls under the said section 533. The Director may, whenever he considers it necessary to carry out the functions transferred to him by the said Reorganization Plan No. 8 of 1953, request the Secretary of State to recommend to the President that persons employed under section 2 (a) of this order be commissioned as diplomatic or consular officers, or both, or to grant such persons diplomatic or consular commissions, as appropriate.

(2) The authority vested in the President by sections 443 and 901 of the Foreign Service Act of 1946, as amended, which has been delegated to the Secretary of State by Executive Orders Nos. 10,000 and 10,011, and successive amendments thereof, to designate places, fix rates, and prescribe regulations governing the payment of additional compensation, known as "foreign post differential", to employees in foreign areas of executive departments and independent establishments of the United States, and to designate places, fix rates, and prescribe regulations, with respect to civilian employees of the Government serving abroad, governing living-quarters allowances, cost-of-living allowances, and representation allowances.

SEC. 3. *Authority under various other statutes.* The Director is authorized to exercise the authority available to the Secretary of State or the Director of the Foreign Operations Administration, as the case may be, under the following-described provisions of law:

(a) The Foreign Service Buildings Act of 1926, as amended (22 U. S. C. 292–300), regarding the acquisition, construction, alteration, repair, furnishing, exchange, and disposal of buildings and grounds in foreign countries.

(b) The act of July 9, 1949 (5 U. S. C. 170a, b, and c), regarding the transfer, acquisition, use, and disposal of international broadcasting facilities.

(c) The act of August 3, 1950 (19 U. S. C. 1201, par. 1628), regarding the importation of sound recordings.

(d) The provisions under the first heading "Salaries and Expenses" of the Department of State Appropriation Act, 1954, regarding (1) employment of aliens, by contract, for services abroad, (2) purchase of uniforms, (3) cost of transporting to and from a place of storage and the cost of storing the furniture and household effects of an employee of the Foreign Service who is assigned to a post at which he is unable to use his furniture and effects, under such regulations as the Secretary of State may prescribe, (4) dues for library membership in organizations which issue publications to members only, or to members at a price lower than to others, (5) examination of estimates of appropriations in the field, (6) purchase of ice and drinking water abroad, (7) payment of excise taxes on negotiable instruments abroad, and (8) procurement, by contract or otherwise, of services, supplies, and facilities. as follows: (i) maintenance, improvement, and repair of properties used for international information activities in foreign countries, (ii) fuel and utilities for Government-owned or leased property abroad, and (iii) rental or lease for periods not exceeding ten

years of offices, buildings, ground, and living quarters, and the furnishing of living quarters to officers and employees engaged in international information activities abroad (22 U. S. C. 291).

(e) The provisions of the Department of State Appropriation Act, 1954, regarding (1) exchange of funds for payment of expenses in connection with the operation of information establishments abroad without regard to the provisions of section 3651 of the Revised Statutes (31 U. S. C. 543), (section 103 of the General Provisions of the Department of State Appropriation Act, 1954), (2) payment of travel expenses outside the continental limits of the United States from funds available in the fiscal year that such travel is authorized and actually begins (section 104 of the General Provisions of the Department of State Appropriation Act, 1954), (3) granting authority to the chief of each information Field Staff to approve, with the concurrence of the Chief of Mission, use of Government-owned vehicles for travel under conditions described in section 105 of the General Provisions of the Department of State Appropriation Act, 1954, and (4) purchase with foreign currencies for use abroad of passenger motor vehicles (exclusive of buses, ambulances, and station wagons) at a cost not to exceed the equivalent of $2,200 for each vehicle (section 106 of the General Provisions of the Department of State Appropriation Act, 1954).

(f) Section 202 of the Revised Statutes of the United States (5 U. S. C. 156), so far as it authorizes the Secretary of State to keep the American public informed about the international information aspects of the United States foreign affairs.

(g) Section 504 (d) of the Mutual Security Act of 1951, as amended (relating to reduction in personnel), with respect to personnel transferred from the Mutual Security Agency or the Foreign Operations Administration to the United States Information Agency.

(h) Section 161 of the Revised Statutes of the United States (5 U. S. C. 22) and section 4 of the act of May 26, 1949 (5 U. S. C. 151c), regarding the promulgation of rules and regulations and the delegation of authority.

SEC. 4. *Effective date.* This order shall become effective on August 1, 1953.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *August 1, 1953.*

5. Executive Order No. 10522

Text of Executive Order No. 10522, March 26, 1954, 19 F. R. 1689

AUTHORIZING THE DIRECTOR OF THE UNITED STATES INFORMATION AGENCY TO CARRY OUT CERTAIN FUNCTIONS OF THE BOARD OF THE FOREIGN SERVICE

By virtue of the authority vested in me by Chapter III of the Supplemental Appropriation Act of 1954 (Public Law 207, 83d Congress; 7 Stat. 419), and as President of the United States, it is ordered as follows:

SECTION 1. The Director of the United States Information Agency is hereby authorized to carry out the functions of the Board of the Foreign Service, provided for by the Foreign Service Act of 1946 (60 Stat. 999; 22 U. S. C. 801 et seq.), with respect to personnel appointed or assigned for service in the United States Information Agency under the provisions of such Act, as amended: *Provided*, That nothing herein contained shall be construed as transferring to the said Director any function of the said Board relating to any Foreign Service Officer.

SEC. 2. The Director of the United States Information Agency is hereby authorized to prescribe such regulations and issue such orders and instructions, not inconsistent with law, as may be necessary or desirable for carrying out his functions under section 1 of this order.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *March 26, 1954.*

6. The International Cultural Exchange and Trade Fair Participation Act of 1956[1]

Text of Public Law 860, 84th Congress [S. 3116], 70 Stat. 778, approved August 1, 1956

AN ACT To provide for the promotion and strengthening of international relations through cultural and athletic exchanges and participation in international fairs and festivals.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Cultural Exchange and Trade Fair Participation Act of 1956".

SEC. 2.[2] The purpose of this Act is to strengthen the ties which unite us with other nations by demonstrating the cultural interests, developments, and achievements of the people of the United States, and the contributions being made by the United States economic and social system toward a peaceful and more fruitful life for its own people and other people throughout the world; and thus to assist in the development of friendly, sympathetic, and peaceful relations between the United States and the other countries of the world.

SEC. 3.[3] The President is authorized to provide for—

(1) tours in countries abroad by creative and performing artists and athletes from the United States, individually and in groups, representing any field of the arts, sports, or any other form of cultural attainment;

(2) United States representation in artistic, dramatic, musical, sports, and other cultural festivals, competitions, and like exhibitions abroad;

(3) United States participation in international fairs and expositions abroad, including trade and industrial fairs and other public or private demonstrations of United States industrial accomplishments and cultural attainments: *Provided*, That in order to appropriately represent the United States in connection with participation in the Brussels Universal and International Exhibition to be held at Brussels, Belgium, in 1958, the President is authorized to appoint or designate a Commissioner General, by and with the advice and consent of the Senate, and not to exceed two other principal representatives, who shall receive compensation, allowances, and benefits as determined by the President but not in excess of that received by a chief of mission at a class 2 post, pursuant to the Foreign Service Act of 1946, as amended (22 U. S. C. 801): *Provided further*, That no officer of the United States Government who is designated under the foregoing proviso as Commissioner General or as a principal representative shall be entitled to receive such compensation; and

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[1] Also referred to as "The President's Special International Program" in the various appropriation Acts and popular usage.
[2] 22 U. S. C. § 1991.
[3] 22 U. S. C. § 1992.

(4) publicity and promotion (including representation) abroad of activities of the type provided for herein.

SEC. 4.[4] To the maximum extent feasible (1) private individuals, firms, associations, agencies, and other groups shall be encouraged to make contributions of funds, property, and services (which shall be available to carry out this Act) and otherwise to participate in carrying out this Act, and (2) funds appropriated pursuant to section 5 shall be used to contribute toward meeting the expenses of activities carried out through normal private channels and by private means.

SEC. 5.[5] There are hereby authorized to be appropriated, to remain available until expended, such sums as may be necessary to carry out this Act.

SEC. 6.[6] In carrying out this Act, the provisions of title VIII of the United States Information and Educational Exchange Act of 1948 may be utilized to the extent the President deems necessary.

SEC. 7.[7] The President is authorized to provide for all necessary expenditures involved in the selection, purchase, rental, construction, or other acquisition of exhibits and materials and equipment therefor, and the actual display thereof, including but not limited to costs of transportation, insurance, installation, safekeeping, and storage, maintenance and operation, rental of space, and dismantling.

SEC. 8.[8] Whenever the President determines it to be in furtherance of this Act, the functions authorized hereunder may be performed without regard to such provisions of law or limitations of authority regulating or relating to the making, performance, amendment, or modification of contracts, the acquisition and disposition of property, and the expenditure of Government funds, as he may specify.

SEC. 9.[9] The President shall transmit to the Congress reports covering each six months of operations under this Act.

SEC. 10.[10] (a) There is hereby created an Advisory Committee on the Arts (hereinafter in this section referred to as the "Committee"), consisting of a Chairman selected by the United States Advisory Commission on Educational Exchange from among its membership and nine other members appointed by the Secretary of State. In making such appointments the Secretary of State shall give due consideration to the recommendations for nomination submitted by leading national organizations in the major art fields.

(b) The members of the Committee shall be individuals whose knowledge of or experience in, or whose profound interest in, one or more of the arts will enable them to assist the United States Advisory Commission on Educational Exchange, the President, and the Secretary of State in performing the functions described in subsection (c) of this section.

(c) The Committee shall—

(1) advise and assist the United States Advisory Commission on Educational Exchange in the discharge of its responsibilities in the field of international educational exchange under the United States Information and Educational Exchange Act of 1948 as amended, with special reference to the role of the arts in such field;

[4] 22 U. S. C. § 1993.
[5] 22 U. S. C. § 1994.
[6] 22 U. S. C. § 1995.
[7] 22 U. S. C. § 1996.
[8] 22 U. S. C. § 1997.
[9] 22 U. S. C. § 1998.
[10] 22 U. S. C. § 1999.

(2) advise, assist, and cooperate with such Commission in the discharge of responsibilities under the cultural presentations program authorized by and financed under this Act, insofar as such program contributes directly or indirectly to the objectives of the United States Information and Educational Exchange Act of 1948, as amended;

(3) advise the President in the discharge of his responsibilities under the cultural exchange program authorized by and financed under this Act;

(4) advise the Secretary of State concerning cultural activities whenever the Secretary considers it necessary to enable him to formulate policies for carrying out the purposes of the United States Information and Educational Exchange Act of 1948, coordinating the exercise of its functions under this paragraph with the exercise of its functions under paragraph (1) of this subsection; and

(5) provide such other advice and assistance in carrying out this Act as may be necessary or appropriate.

(d) The term of office of each of the members of the Committee appointed by the Secretary of State shall be two years; except that the term of office of four of the members first appointed shall be one year.

(e) No member of the Committee shall receive any compensation for his services as such; but each such member shall be paid actual transportation expenses and paid in lieu of subsistence the per diem rates prescribed or established pursuant to section 5 of the Administrative Expense Act of 1946, as amended (5 U. S. C. 73b–2), while away from home in attendance at meetings of the Committee or in consultation with officials of the Government in carrying out the duties of the Committee.

(f) Staff and secretarial services for the Committee shall be provided by the departmental staff of the United States Advisory Commission on Educational Exchange, with the assistance of the International Educational Exchange Service.

SEC. 11.[11] The President is authorized to create such interagency committees as in his judgment may be of assistance in carrying out the purposes of this Act. Such committees shall include individuals having special knowledge and experience in the field of the cultural arts as well as individuals whose knowledge and experience in other fields will assist in carrying out the program established by this Act. The provisions of section 214 of the Act of May 3, 1945 (59 Stat. 134; 31 U. S. C., sec. 691), shall be applicable to any interagency committee created pursuant to this section.

SEC. 12.[12] The cultural program authorized by this Act should include, to the greatest extent possible, presentations and other activities in such major art fields as: music, drama, poetry, and dance; new writing and literature; architecture, landscape architecture, city and regional planning, civic art and design, historic preservation; housing, interior design and decoration, and urban renewal and redevelopment; painting, sculpture, graphic arts, and hand arts and crafts; motion pictures and photography; and radio and television.

Approved August 1, 1956.

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[11] 22 U. S. C. § 2000.
[12] 22 U. S. C. § 2001.

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7. Executive Order No. 10716

Text of Executive Order No. 10716, June 17, 1957, 22 F. R. 4344

ADMINISTRATION OF THE INTERNATIONAL CULTURAL EXCHANGE AND TRADE FAIR PARTICIPATION ACT OF 1956

By virtue of the authority vested in me by the International Cultural Exchange and Trade Fair Participation Act of 1956 (70 Stat. 778), by section 301 of title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows:

SECTION 1. *United States Information Agency.* (a) Except in respect of the functions delegated by section 2 (c), or reserved by section 4, of this order, the Director of the United States Information Agency shall coordinate the functions provided for in the International Cultural Exchange and Trade Fair Participation Act of 1956 (hereinafter referred to as the Act) and shall be responsible for advising the President and keeping him informed with respect to the said functions:

(b) The following-designated functions conferred upon the President by the Act are hereby delegated to the Director of the United States Information Agency:

(1) The functions so conferred by the provisions of section 3 (2) of the Act (the provisions of section 2 (b) of this order notwithstanding).

(2) The functions so conferred by section 3 (4) of the Act (the provisions of sections 2 (d) and 3 (b) of this order notwithstanding).

(3) The functions so conferred by section 11 of the Act, except to the extent that such functions are delegated by section 2 (c) of this order.

(4) The functions so conferred by section 4, 6, and 7 of the Act to the extent that they pertain to the functions delegated by the foregoing provisions of this section.

(c) The Director of the United States Information Agency, with such assistance of the Department of State and the Department of Commerce as may be appropriate, shall prepare and transmit to the President the reports which the President is required to transmit to the Congress by section 9 of the Act.

(d) The Director of the United States Information Agency shall consult with the Secretary of State or the Secretary of Commerce, or both, in connection with the establishment of any interagency committees under the authority delegated by section 1 (b) (3) of this order the activities of which will pertain to functions delegated by section 2 or section 3 of this order, or both, respectively.

(e) Funds appropriated or otherwise made available to the President to carry out the purposes of the Act shall be allocated by the Director of the United States Information Agency to the Department

of State as may be necessary to carry out the functions delegated under section 2 of this order; to the Department of Commerce as may be necessary to carry out the functions delegated under section 3 of this order; and to such other departments or agencies of the Government as may be deemed necessary to carry out the purposes of the Act. The agencies to which funds are so allocated shall obtain apportionments thereof directly from the Bureau of the Budget.

ADMINISTRATION OF TRADE FAIR ACT OF 1956

SEC. 2. *Department of State.* Subject to the provisions of sections 1 (a) and 4 of this order, the following-designated functions conferred upon the President by the Act are hereby delegated to the Secretary of State:

(a) The functions so conferred by sections 3 (1), 10 (b), and 10 (c) (3) of the Act.

(b) The functions so conferred by section 3 (2) of the Act (the provisions of section 1 (b) (1) of this order notwithstanding).

(c) The functions so conferred by section 3 (3) of the Act to the extent that they pertain to the Universal and International Exhibition of Brussels, 1958, together with the functions so conferred by section 11 of the Act to the extent that they pertain to the said Exhibition.

(d) The functions so conferred by sections 3 (4), 4, 6, and 7 of the Act to the extent that they pertain to the functions delegated by the foregoing provisions of this section.

SEC. 3. *Department of Commerce.* Subject to the provisions of sections 1 (a) and 4 of this order, the following-designated functions conferred upon the President by the Act are hereby delegated to the Secretary of Commerce:

(a) The functions so conferred by section 3 (3) of the Act, exclusive of functions pertaining to the Universal and International Exhibition of Brussels, 1958.

(b) The functions so conferred by sections 3 (4), 4, 6, and 7 of the Act to the extent that they pertain to the functions delegated by the foregoing provisions of this section.

SEC. 4. *Functions reserved to the President.* There are hereby excluded from the functions delegated by the provisions of this order the functions conferred upon the President (a) with respect to the appointment of officers authorized to be appointed by the first proviso of section 3 (3) of the Act, (b) with respect to the transmittal of periodic reports to the Congress under section 9 of the Act, and (c) with respect to the waiver of provisions of law or limitations of authority under section 8 of the Act.

SEC. 5. *Procedures for coordination abroad.* The provisions of Part II of Executive Order No. 10575 of November 6, 1954 (19 F. R. 7249), are hereby extended and made applicable to the functions provided for in the Act and to United States agencies and personnel concerned with the administration abroad of the said functions.

SEC. 6. *Definition.* As used in this order, the word "functions" embraces duties, powers, responsibilities, authority, and discretion.

SEC. 7. *Prior directives and actions.* This order supersedes the provisions of the letters of the President to the Director of the United States Information Agency dated August 16, 1955, and Au-

gust 21, 1956, and the letter of the President to the Secretary of State dated December 27, 1956 (22 F. R. 101–103); provided that this order shall not operate to terminate any authority to perform functions without regard to the provisions of law and limitations of authority specified in those letters. Except to the extent that they may be inconsistent with law or with this order, other directives, regulations, and actions relating to the functions delegated by this order and in force immediately prior to the issuance of this order shall remain in effect until amended, modified, or revoked by appropriate authority.

SEC. 8. *Effective date.* Without prejudice to anything done under proper authority with respect to any function under the Act at any time subsequent to the approval of the Act and prior to the issuance of this order, the effective date of this order shall be deemed to be the date on which the Act was approved.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 17, 1957.*

8. Fulbright Amendment to the Surplus Property Act of 1944, as Amended

Partial text of Public Law 584, 79th Congress [S. 1636], 60 Stat. 754, approved August 1, 1946

* * * * * * *

SEC. 2. Section 32(b) of such Act, as amended, is hereby amended to read as follows:

(b) * * *.

(2)[1] In carrying out the provisions of this section, the Secretary of State is authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies, or credits for currencies, of such government held or available for expenditure by the United States or any agency thereof including amounts received in repayment of principal or interest on any loan made under section 505 (b)[2] of the Mutual Security Act of 1954, as amended (or deposited pursuant to agreements entered into pursuant to section 115 (b) (6)[3] and 115 (h)[4] of the Economic Cooperation Act of 1948, as amended),[5] and not required by law or agreement with such government to be expended or used for any other purpose,[6] for the purpose of providing, by the formation of foundations or otherwise, for (A) financing studies, research, instruction, and other educational activities of or for American citizens in schools and institutions of higher learning located in such foreign country, or of the citizens of such foreign country in American schools and institutions of higher

[1] 50 U. S. C. App. § 1641 (b) (2).
[2] 22 U. S. C. § 1757 (b).
[3] Formerly 22 U. S. C. § 1513 (b) (6).
[4] Formerly 22 U. S. C. § 1513 (h).
[5] The Economic Cooperation Act of 1948, as amended, was repealed by sec. 542 (a) of the Mutual Security Act of 1954. Sec. 115 (b) (6) and Sec. 115 (h) were replaced by sec. 142 (b) of the Mutual Security Act of 1954, as amended, which provides:

"(b) In cases where any commodity is to be furnished on a grant basis under this title under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and

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

"(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *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

"(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available;

Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further,* That such utilization of such excess amounts in all Special Accounts shall not exeed the equivalent of $4,000,000.

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

* * * * * * *

"Sec. 542 (b) of the Mutual Security Act of 1954, as amended, provides:

"References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act."

[6] This provision was amended by sec. 11 of the Mutual Security Act of 1952 and sec. 11 (a) of the Mutual Security Act of 1956, which amended sec. 544 of the Mutual Security Act of 1954. These amendments inserted "held or available * * * for any other purpose" in lieu of "acquired as a result of such surplus property disposals".

learning located outside the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, including payment for transportation, tuition, maintenance, and other expenses incident to scholastic activities; or (B) furnishing transportation for citizens of such foreign country who desire to attend American schools and institutions of higher learning in the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, and whose attendance will not deprive citizens of the United States of an opportunity to attend such schools and institutions: *Provided, however*, That no such agreement or agreements shall provide for the use of an aggregate amount of the currencies, or credits for currencies, of any one country in excess of $20,000,000 or for the expenditure of the currencies, or credits for currencies, of any one foreign country in excess of $1,000,000 annually at the official rate of exchange for such currencies, unless otherwise authorized by Congress, nor shall any such agreement relate to any subject other than the use and expenditure of such currencies or credits for currencies for the purposes herein set forth: *Provided further*, That for the purpose of selecting students and educational institutions qualified to participate in this program, and to supervise the exchange program authorized herein, the President of the United States is hereby authorized to appoint a Board of Foreign Scholarships, consisting of ten members, who shall serve without compensation, composed of representatives of cultural, educational, student and war veterans groups, and including representatives of the United States Office of Education, the United States Veterans' Administration, State educational institutions, and privately endowed educational institutions: *And provided further*, That in the selection of American citizens for study in foreign countries under this paragraph preference shall be given to applicants who shall have served in the military or naval forces of the United States during World War I or World War II, and due consideration shall be given to applicants from all geographical areas of the United States. The Secretary of State shall transmit to the Congress not later than the 1st day of March of each year a report of operations under this paragraph during the preceding calendar year. Such report shall include the text of any agreements which have been entered into hereunder during the preceding calendar year, and shall specify the names and addresses of American citizens who are attending schools or institutions of higher learning in foreign countries pursuant to such agreements, the names and locations of such schools and institutions, and the amounts of the currencies or credits for currencies expended for any of the purposes under this paragraph in each such foreign country during the preceding calendar year.

* * * * * * *

9. Act Making Finnish World War I Debt Payments Available for Exchange of Persons and Materials Between the United States and Finland

Text of Public Law 265, 81st Congress [S. J. Res. 3], 63 Stat. 630, approved August 24, 1949

JOINT RESOLUTION To provide that any future payments by the Republic of Finland on the principal or interest of its debt of the First World War to the United States shall be used to provide educational and technical instruction and training in the United States for citizens of Finland and American books and technical equipment for institutions of higher education in Finland, and to provide opportunities for American citizens to carry out academic and scientific enterprises in Finland.

Whereas the Republic of Finland alone among our debtors of the First World War has consistently made payments of principal and interest toward the retirement of its indebtedness to the United States; and

Whereas it is deemed proper, as an act of abiding friendship and good will which the people of the United States hold for the people of Finland, to provide that any further payments on its World War I debt by the Republic of Finland shall be held in a special deposit account for such use as will advance and strengthen the close ties of friendship which bind together our two peoples: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,[1] That any sums due or paid on and after the date of enactment of this joint resolution by the Republic of Finland to the United States as interest on or in retirement of the principal of the debt incurred under the Act of February 25, 1919, as refunded by the agreement dated May 1, 1923, pursuant to authority contained in the Act of February 9, 1922, or of any other indebtedness incurred by that republic and owing to the United States as a result of World War I, shall be placed in a special deposit account in the Treasury of the United States, to remain available until expended. This account shall be available to the Department of State to finance by contract, grant, or otherwise—

(a) studies, instruction, technical training, and other educational activities in the United States and its Territories and possessions (1) for students, professors, other academic persons, and technicians who are citizens of the Republic of Finland and, (2) with the approval of appropriate agencies, institutions, or organizations in Finland, for students, professors, other academic persons, and technicians who are citizens of the United States to participate in similar activities in Finland, including in both cases travel expenses, tuition, subsistence, and other allowances and expenses incident to such activities; and

[1] 20 U. S. C. 222.

(b) the selection, purchase, and shipment of (1) American scientific, technical, and scholarly books and books of American literature for higher educational and research institutions of Finland, and (2) American laboratory and technical equipment for higher education and research in Finland, and (3) the interchange of similar Finnish materials and equipment for higher education and research in the United States.

SEC. 2.[2] The Secretary of State is hereby authorized to carry out the purposes of this joint resolution in accordance with the applicable provisions of the United States Information and Educational Exchange Act of 1948 (Public Law 402, Eightieth Congress).

SEC. 3.[3] Disbursements from the special deposit account shall be made by the Division of Disbursement of the Treasury Department, upon vouchers duly certified by the Secretary of State or by authorized certifying officers of the Department of State.

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[2] 29 U. S. C. 223.
[3] 20 U. S. C. 224.

10. India Emergency Food Aid Act of 1951

Partial text (sec. 7) of Public Law 48, 82d Congress [S. 872], 65 Stat. 69, approved June 15, 1951

* * * * * * *

SEC. 7.[1] (a) Any sums payable by the Government of India, under the interest terms agreed to between the Government of the United States and the Government of India, on or before January 1, 1957, as interest on the principal of any debt incurred under this Act, and not to exceed a total of $5,000,000, shall, when paid, be placed in a special deposit account in the Treasury of the United States, notwithstanding any other provisions of law, to remain available until expended. This account shall be available to the Department of State for the following uses:

(1) Studies, instruction, technical training, and other educational activities in the United States and in its Territories or possessions (A) for students, professors, other academic persons, and technicians who are citizens of India, and (B) with the approval of appropriate agencies, institutions, or organizations in India, for students, professors, other academic persons, and technicians who are citizens of the United States to participate in similar activities in India, including in both cases travel expenses, tuition, subsistence and other allowances and expenses incident to such activities; and (2) The selection, purchase, and shipment of (A) American scientific, technical, and scholarly books and books of American literature for higher educational and research institutions of India, (B) American laboratory and technical equipment for higher education and research in India, and (C) the interchange of similar materials and equipment from India for higher education and research in the United States.

(b) Funds made available in accordance with the provisions stated above may be used to defray costs of administering the program authorized herein.

(c) Disbursements from the special deposit account shall be made by the Division of Disbursement of the Treasury Department, upon vouchers duly certified by the Secretary of State or by authorized certifying officers of the Department of State.

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[1] 50 U. S. C. App. § 2316.

11. Convention for the Promotion of Inter-American Cultural Relations [1]

Text of the Convention for the Promotion of Inter-American Cultural Relations, 51 Stat. 178, Treaties and Other International Acts Series 3936; Signed at Caracas March 28, 1954; [2] Entered Into Force February 18, 1955; Ratification Advised by the Senate August 8, 1957; Proclaimed by the President November 5, 1957

The governments represented at the Tenth Inter-American Conference,

CONSIDERING:

That greater knowledge and understanding of the peoples and the institutions of the countries members of the Organization of American States will contribute to the realization of the purposes for which the Conference was convened; and

That, among the suitable means for attaining this end, are the exchange of professors, teachers, and students among the American countries and the encouragement of closer relationships among the unofficial agencies that exert an influence on the formation of public opinion,

Resolve:

To revise the text and strengthen the spirit of the Convention for the Promotion of Inter-American Cultural Relations, concluded at Buenos Aires in 1936, and to that end agree on the following articles:

ARTICLE 1

Every year each government shall award one or more fellowships, insofar as it may be able to do so, for the ensuing scholastic year, which may be granted to graduate students or to teachers or to other persons with equivalent qualifications from each of the other Member States. The recipients shall be chosen in accordance with the procedure established in Article 4 of this Convention. Notwithstanding the foregoing, each government may award a greater number of fellowships for study if this has been provided in other international agreements or otherwise.

ARTICLE 2

Each fellowship shall include, through such agency as may be deemed appropriate, tuition in an institution of higher learning designated by the country awarding the fellowship, as well as textbooks, working materials, and, in addition, a monthly allowance to cover lodging, subsistence, and other necessary additional expenses. The expenses of traveling to the designated institution and those of

[1] This convention is a revision of the 1936 Convention for the Promotion of Inter-American Cultural Relations (51 Stat. 178).

[2] Signed, on behalf of all of the American Republics except Costa Rica, which signed subsequently on June 16, 1954.

returning to the country of origin and, in addition, an amount for incidental travel expenses during the journey shall be borne by the recipient or by the nominating government.

ARTICLE 3

Each government shall notify the others of the fields of study in which it is prepared to award fellowships at least one month before the period referred to in the following article for the transmission of the panels of candidates.

ARTICLE 4

The fellowships referred to in Article 1 shall be awarded after the governments concerned exchange panels of names in the following manner:

Each government shall send to each of the other governments, at least 6 months before the opening of the scholastic year in the host country, unless otherwise agreed upon by the interested governments, a panel containing the names of candidates of the categories referred to in Article 1, together with the information regarding each that the government awarding the fellowships deems necessary. The panel shall contain a sufficient number of names to permit the country awarding the fellowships to choose from among the candidates. The latter country shall announce the award of the fellowships and the names of the successful candidates to the nominating government at least 3 months before the opening of the scholastic year.

A candidate's name shall not appear on the panels more than twice.

The fellowships shall be awarded for one year, but may be extended for a second year and, in exceptional cases, for a third. No government shall be obliged to consider the panel of names of candidates proposed by any other government if it has not been presented in accordance with the schedule indicated.

ARTICLE 5

If for any reason it becomes necessary to repatriate the recipient of a fellowship, the government awarding the fellowship may effect the repatriation at the expense of the nominating government.

ARTICLE 6

Any of the High Contracting Parties which may be interested in obtaining the services of professors or specialists from other countries and which has not chosen specific individuals may do so through the services of the Pan American Union. The Pan American Union will forward the request to the other countries and will send their replies to the interested country within three months, the latter country then choosing from among the candidates suggested.

Visiting professors or specialists shall devote themselves to the duties for which they have been specifically engaged.

The government that is sending the professors or specialists shall provide the expenses of travel of each to the seat of the institution to which he has been appointed, and of return to the country of origin.

Each government shall take the necessary measures for visiting

professors or specialists to receive a salary commensurate with the duties which are assigned to them. The government of the country from which the professor or specialist comes shall compensate him for any unfavorable difference between the salary which he is to receive in the host country and that which he has been receiving in the country from which he comes. However, in specific cases, the governments concerned may make other arrangements.

ARTICLE 7

The High Contracting Parties will encourage, in other ways, especially during vacation periods, the exchange, for cultural purposes, of teachers, artists, students, and other persons engaged in the professions, between their respective countries.

ARTICLE 8

Each government shall designate or create an appropriate organ, or appoint a special officer, to have responsibility for carrying out the obligations assumed by virtue of this Convention.

ARTICLE 9

Authenticated copies of the regulations issued by each of the High Contracting Parties to facilitate compliance with this Convention shall be sent to the other High Contracting Parties and to the Pan American Union.

ARTICLE 10

The High Contracting Parties shall transmit annually to the Pan American Union a report enumerating the persons to whom fellowships have been awarded by the governments in accordance with the terms of this Convention. The report shall indicate the nationality of the recipients and the amount of money and the type of assistance which they have received.

This report should likewise include information with regard to persons who have come from other American States and are pursuing university or similar studies in accordance with other exchange-of-persons programs or at their own expense.

The reports referred to above should also include information regarding professors and specialists.

The Pan American Union shall compile the reports received under this Article for the information of the High Contracting Parties.

ARTICLE 11

The High Contracting Parties declare that this Convention is motivated by the highest principles of cooperation, the extent of the interchange depending upon the circumstances peculiar to each country.

ARTICLE 12

This Convention does not affect similar understandings which have been entered into previously by the High Contracting Parties, nor does it exclude the possibility of their entering into other such understandings in the future.

ARTICLE 13

This Convention shall remain open for signature by the States Members of the Organization of American States and shall be ratified by the signatory States in accordance with their respective constitutional procedures.

ARTICLE 14

The original instrument, the English, French, Portuguese, and Spanish texts of which are equally authentic, shall be deposited with the Pan American Union, which shall transmit certified copies thereof to the governments for purposes of ratification. The instruments of ratification shall be deposited with the Pan American Union, which shall notify the signatory States of such deposit.

ARTICLE 15

This Convention shall enter into force between the States that ratify it in the order in which they deposit their respective instruments of ratification.

ARTICLE 16

This Convention shall remain in force indefinitely, but may be denounced by any of the signatory States upon one year's notice, at the end of which it shall cease to be in force with respect to the denouncing State, remaining in force for the other signatory States. The denunciation shall be communicated to the Pan American Union, which shall notify the other signatory States of it.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries, whose full powers have been presented and found to be in good and due form, sign this Convention, on behalf of their respective Governments, at the city of Caracas, on March twenty-eight, nineteen hundred and fifty-four.

12. Center for Cultural and Technical Interchange Between East and West Act of 1960

Partial text of Mutual Security Act of 1960, Public Law 86–472 [H.R. 11510], 74 Stat. 134, approved May 14, 1960

Chapter VII—Center for Cultural and Technical Interchange Between East and West

Sec. 701. This chapter may be cited as the "Center for Cultural and Technical Interchange Between East and West Act of 1960".

Sec. 702. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study, training, and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West where scholars and students in various fields from the nations of the East and West may study, give and receive training, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, title III of chapter II of the Mutual Security Act of 1954, and other Acts promoting the international, educational, cultural, and related activities of the United States.

Sec. 703. In order to carry out the purpose of this chapter the Secretary of State (hereinafter referred to as the "Secretary") shall provide for—

(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West, through arrangements with public, educational, or other nonprofit institutions;

(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and West as may be necessary to attract such scholars and authorities to the Center;

(3) grants, scholarships, and other payments to qualified students from the nations of the East and West as may be necessary to enable such students to engage in study or training at the Center; and

(4) making the facilities of the Center available for study or training to other qualified persons.

Sec. 704. (a) In carrying out the provisions of this chapter, the Secretary may utilize his authority under the provisions of the United States Information and Educational Exchange Act of 1948, as amended.

(b) The Secretary may, in administering the provisions of this chapter, accept from public and private sources money and property to be utilized in carrying out the purposes and functions of the Center.

In utilizing any gifts, bequests, or devises accepted there shall be available to the Secretary the same authorities as are available to him in accepting and utilizing gifts, bequests, and devises to the Foreign Service Institute under the provisions of the title X, part C of the Foreign Service Act of 1946, as amended. For the purposes of Federal income, estate, and gift taxes, any gift, devise, or bequest accepted by the Secretary under the authority of this chapter shall be deemed to be a gift, devise, or bequest to or for the use of the United States.

(c) The Secretary shall make an annual report to the Congress with respect to his activities under the provisions of this chapter, and such report shall include any recommendations for needed revisions in this chapter.

SEC. 705. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.

C. SURPLUS AGRICULTURAL COMMODITIES

1. Agricultural Trade Development and Assistance Act of 1954. as Amended

Text of Public Law 480, 83d Congress [S. 2475], 68 Stat. 454, approved July 10, 1954, as amended by P.L. 25, 84th Congress [S. 752], 69 Stat. 44, April 25, 1955; P.L. 387, 84th Congress [S. 2253], 69 Stat. 721, August 12, 1955; P.L. 540, 84th Congress [H.R. 10875], 70 Stat. 188, May 28, 1956; P.L. 962, 84th Congress [S. 3903], 70 Stat. 988, August 3, 1956; P.L. 726, 84th Congress [H.R. 11356], 70 Stat. 555, July 18, 1956; P.L. 85-128 [S. 1314], 71 Stat. 345, August 13, 1957; P.L. 85-447 [H.R. 12181], 72 Stat. 261, June 30, 1958; P.L. 85-931 [S. 3420], 72 Stat. 1790, Sept 6, 1958; P.L. 86-341 [H.R. 8609], 73 Stat. 606, Sept. 21, 1959; and P.L. 86-472 [H.R. 11510], 74 Stat. 140, May 14, 1960

AN ACT To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 2.[1] It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

TITLE I—SALES FOR FOREIGN CURRENCY[2]

SEC. 101.[3] In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricul-

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[1] 7 USC § 1691.

[2] Section 3, Public Law 962, 84th Congress [S. 3903], 70 Stat. 988, approved August 3, 1956, reads as follows:

"Sales of fresh fruit and the products thereof under title I of this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress (15 USC 616a) and section 901(b) of the Merchant Marine Act, 1936 (46 USC 1241(b))))." See also Sec. 509, Mutual Security Act of 1954, as amended, page 44.

[3] 7 USC § 1701. This Title succeeded Sec. 550 of the Mutual Security Act of 1951 which authorized sales for foreign currency as follows: "(a) Not less than $100,000,000 and not more than $250,000,000 of the funds authorized to be appropriated under this Act,

tural commodities for foreign currencies. In negotiating such agreements the President shall—

(a) take reasonable precaution to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries.[4]

(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;

(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; and

(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act.

SEC. 102.[5] (a) For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the adminis-

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shall be used, directly or indirectly, to finance the purchase of surplus agricultural commodities, or products thereof, produced in the United States. (b) The President is authorized to enter into agreements with friendly countries for the sale and export of such surplus agricultural commodities under conditions negotiated by him with such countries and to accept in payment therefor local currency for the account of the United States. In negotiating agreements for the sale of such commodities, the President shall—(1) take special precaution to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries, and to assure to the maximum extent practicable that sales prices of such commodities are consistent with maximum world market prices of like commodities of similar quality, and to obtain the recommendations of the Secretary of Agriculture in carrying out the provisions of this subsection; (2) use private trade channels to the maximum extent practicable; (3) give appropriate emphasis to underdeveloped and new market areas; (4) obtain assurance that the purchasing countries will not resell or transship to other countries or use for other than domestic consumption commodities purchased under this program without specific approval by the President. (c) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President shall use the proceeds of such sales for the purpose of this Act, giving particular regard to the following purposes—(1) For providing military assistance to countries or mutual defense organizations eligible to receive assistance under this Act; (2) for purchase of goods or services in friendly countries; (3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any country with which an agreement was negotiated, or in other friendly countries, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States; (4) for developing new markets on a mutually beneficial basis; (5) for grants-in-aid to increase production for domestic needs in friendly countries; (6) for purchasing materials for United States stockpiles. (d) In carrying out the provisions of this section the President shall take special precaution to safeguard against the displacement of foreign exchange earnings which would otherwise accrue to the United States or any friendly nations. (e) The President is authorized to enter into such agreements with third countries receiving goods accruing from the proceeds of sales made pursuant to this section as he deems necessary to effectuate the purpose of this Act." See Sec. 502 of the Mutual Security Act of 1954, as amended, page 39.

[4] The words "or normal patterns of commercial trade with friendly countries;" added by P.L. 85–931 [S. 3420], 72 Stat. 1790.

[5] 7 USC § 1702.

tration of its price-support operations, and (2) shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation. In supplying such commodities to exporters under this subsection the Commodity Credit Corporation shall not be subject to the sales price restrictions in section 407 of the Agricultural Act of 1949, as amended.[6] The commodity set-aside established for any commodity under section 101 of the Agricultural Act of 1954 (68 Stat. 897)[7] shall be reduced by a quantity equal to the quantity of such commodity financed hereunder which is exported from private stocks.[8]

(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guarantees of funds supplied by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940.[9] Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds.

SEC. 103.[10] (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended.[10] Any funds or

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[6] 7 USC § 1427.

[7] 7 USC § 1741.

[8] This subsection was revised by Public Law 25, 84th Congress [S. 752], 69 Stat. 44, approved April 25, 1955. It formerly read as follows:

"For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder at such points in the United States as the President may direct surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price support operations, and (2) shall make funds available to finance the sale and exportation of surplus agricultural commodities from stocks owned by the Corporation or pledged or mortgaged as security for price support loans or from stocks privately owned if the Corporation is not in a position to supply the commodity from its owned stocks: *Provided,* That to facilitate the use of private trade channels the Corporation, even though it is in a position to supply the commodity, may finance the sale and exportation of privately owned stock if the Corporation's stocks are reduced through arrangements whereby the private exporter acquires the same commodity or comparable value or quantity from the Commodity Credit Corporation. In supplying commodities to private exporters under such arrangements Commodity Credit Corporation shall not be subject to the sales price restriction in section 407 of the Agricultural Act of 1949, as amended."

[9] 31 USC § 203; 41 USC § 15.

[10] USC $ 1703.

other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

(b) [11] Agreements shall not be entered into under this title in any calendar year during the period beginning January 1, 1960, and ending December 31, 1961, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $1,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year.

SEC. 104.[12] Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953,[13] or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made under this title after the date of this amendment shall be made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided*, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. Particular regard shall be given to provide in sale and loan agreements for the convertibility of such amount of the proceeds thereof as may be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, agreements may be entered into with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection; [14]

(b) [15] To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation Acts, strategic or other

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[11] Subsection (b) was amended, effective January 1, 1960, by section 2 of Public Law 86–341. It formerly read as follows:

"Agreements shall not be entered into under this title during the period beginning July 1, 1958, and ending December 31, 1959, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $2,250,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal year by this Act as in effect during such fiscal years."

[12] 7 USC § 1704.

[13] For text, see page 88.

[14] The language of this subsection, beginning with the second sentence, was added by section 4 of Public Law 86–341.

[15] Section 5 of Public Law 86–341 amended this subsection, which formerly read: "To purchase or contract to purchase strategic and critical materials, within the applicable terms of the Strategic and Critical Materials Stockpile Act, for a supplemental United States stockpile of such materials as the President may determine from time to time under contracts, including advance payment contracts, for supply extending over periods up to ten years. All strategic and critical materials acquired under authority of this title shall be placed in the above named supplemental stockpile and may be additional to the amounts

materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act; [16]

(c) To procure military equipment, materials, facilities, and services for the common defense;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations, for which purposes not more than 25 per centum of the currencies received pursuant to each such agreement shall be available through and under the procedures established by the Export-Import Bank for loans mutually agreeable to said bank and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however*, That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.[17]

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)) and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446).[18] In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a

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acquired under authority of the Strategic and Critical Materials Stockpile Act. Materials so acquired shall be released from the supplemental stockpile only under the provisions of section 3 of the Strategic and Critical Materials Stockpile Act;"

[16] 50 USC § 98b.

[17] Subsection (e) was amended by section 4 of Public Law 85–128 [S. 1314], 71 Stat. 345. It formerly read: "For promoting balanced economic development and trade among nations;".

[18] That part of the first sentence following "50 USC App. 1641(b)" was added by section 3(a) of Public Law 85–931 [S. 3420], 72 Stat. 1790.

period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of $1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection.[19]

(i)[20] For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided*, That not more than $5,000,000 may be allocated for this purpose during any fiscal year.

(j)[21] For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor.

(k)[22] To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct research[23] and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation:[24] *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;[23]

(l)[25] For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation Acts;

(m)[25] For financing in such amounts as may be specified from time to time in appropriation Acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U.S.C. 1992), and (B) agricultural and horticultural fair participation and related activities;

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[19] The second sentence, through the words "for such purposes" was added by section 11 (a)(h) of the MSAct of 1956. The last part of the sentence, beginning with the words "such special and particular" was added by section 11(b)(2) of the MSAct of 1957.

[20] Subsection (i) was added by section 11(a)(i) of the MSAct of 1956.

[21] Subsection (j) was added by section 2 of Public Law 962, 84th Cong. [S. 3903], 70 Stat. 988, approved August 3, 1956. See also section 400(c) of the MSAct of 1954, as amended, page 24.

[22] Paragraph (k) added by section 502(1) of the MSAct of 1958, Public Law 85-477.

[23] Section 701(d) of the MSAct of 1959 added the word "research", and substituted the proviso in lieu of ", but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor;", which appeared after the words "regions of the globe".

[24] Section 6 of Public Law 86-341 added this phrase, beginning with "and to promote and support".

[25] Paragraphs (l), (m), (n) and (o) added by section 3(b) of Public Law 85-931 [S. 3420], 72 Stat. 1790, approved Sept. 6, 1958. Paragraph (o) formerly included the purpose authorized in paragraph (p). Public Law 86-341 separated the original paragraph (o) into paragraphs (o) and (p).

(n) [25] For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation Acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(o) [25] For providing assistance, in such amounts as may be specified from time to time in appropriation Acts, by grants or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education;

(p) [25] For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;

(q) [26] For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to $5,000,000 may be made available for this purpose during any fiscal year;

(r) [26] For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to $2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a): *Provided, however*, That section 1415 of the Supplemental Appropriation Act, 1953,[27] shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title: *Provided, however*, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title: *Provided, however*, That no foreign currencies shall be available for the purpose of subsection (p), except in such amounts as may be specified from time to time in appropriation Acts, and no foreign currencies shall be allocated under any provision of this Act after June 30, 1960 for the purposes specified in subsections (k), (p),

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[25] Paragraphs (l), (m), (n), and (o) added by section 3(b) of Public Law 85–931 [S. 3420], 72 Stat. 1790, approved Sept. 6, 1958. Paragraph (o) formerly included the purpose authorized in paragraph (p). Public Law 86–341 separated the original paragraph (o) into paragraphs (o) and (p).

[26] Paragraphs (q) and (r) added by section 8 of Public Law 86–341.

[27] For text, see page 88.

and (r), except in such amounts as may be specified from time to time in appropriation Acts.[28]

SEC. 105.[29] Foreign currencies received pursuant to this title shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104 of this title, and any department or agency of the government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used.

SEC. 106.[30] As used in this Act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either privately or publicly owned, which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture. The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country after advising with other agencies of Government affected and within broad policies laid down by the President for implementing this Act.[31]

SEC. 107.[32] As used in this Act, "friendly nation" means any country other than (1) the U.S.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

SEC. 108.[33] The President shall make a report to Congress with respect to the activities carried on under this Act at least once each six months and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102(a) hereof are sold.

SEC. 109.[34] No transactions shall be undertaken under authority of this title after December 31, 1961,[35] except as required pursuant to agreements theretofore entered into pursuant to this title.

TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201.[36] In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary [37] relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I)[38] as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary [37] relief requirements of such nation,

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[28] This proviso added by Sec. 9 of Public Law 86–341.
[29] 7 USC § 1705.
[30] 7 USC § 1706.
[31] This sentence was added by Public Law 387, 84th Cong. [S. 2253], 69 Stat. 721, approved August 12, 1955.
[32] 7 USC § 1707.
[33] 7 USC § 1708.
[34] 7 USC § 1709.
[35] "1961" was substituted for "1959" by Sec. 1 of Public Law 86–341.
[36] 7 USC § 1721.
[37] The words "or extraordinary" were added by Sec. 4 of Public Law 962, 84th Cong. [S. 3903], 70 Stat. 988, approved August 3, 1956.
[38] Sec. 208(b), Agricultural Act of 1956, amended Sec. 201 by striking out "f.o.b. vessels in United States ports," after the parenthesis.

and (2) to friendly but needy populations without regard to the friendliness of their government.

SEC. 202.[39] In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the [39a] President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to asist programs undertaken with friendly governments or through voluntary relief agencies: *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.

SEC. 203.[40] Not more than $300,000,000 (including the Corporation's investment in such commodities) plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1961, for all such transfers and for other costs authorized by this title.[41] The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad,[41a] may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President, and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto may be paid from such funds.[42]

SEC. 204.[43] No programs of assistance shall be undertaken under the authority of this title after December 31, 1961.[44]

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[39] 7 USC § 1722.

[39a] This sentence was amended by Sec. 601(a)(1) of MSAct of 1960. The words up to this point were inserted in lieu of the word "The". Sec. 601(a)(2) of the MSAct of 1960 provides that the amendment made by this subsection shall expire June 30, 1961.

[40] 7 USC § 1723.

[41] This sentence was amended, effective January 1, 1960, by Sec. 3 of Public Law 86–341. It formerly read: "Not more than $800,000,000 (including the Corporation's investment in such commodities) shall be expended for all such transfers and for other costs authorized by this title."

[41a] The words beginning with "or, in the case of" to this point were added by Sec. 601(b) of the MSAct of 1960. See also Sec. 409(a) of the MSAct of 1954, as amended, page 28.

[42] The penultimate sentence and the first part of the last sentence were added by Sec. 208(c) of the Agricultural Act of 1956. That part of the last sentence beginning with the words "and charges for" was added by Sec. 601(b) of the MSAct of 1960.

[43] 7 USC § 1724.

[44] "1961" was substituted for "1959" by Sec. 1 of Public Law 86–341.

TITLE III—GENERAL PROVISIONS

SEC. 301. Section 407 of the Agricultural Act of 1949 [45] is amended by adding at the end thereof the following: "Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, Eighty-first Congress, as amended (42 U.S.C. 1855). Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making such commodity available beyond the cost of the commodities to the Corporation in store and the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each State."

SEC. 302. Section 416 of the Agricultural Act of 1949 [46] is amended to read as follows:

"SEC. 416. In order to prevent the waste of commodities [47] acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs,[48] in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons outside the United States. In the case of (3) and (4) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such

[45] 7 USC § 1427.
[46] 7 USC § 1431.
[47] Section 402 of the MSAct of 1954, as amended by section 205(c) of the MSAct of 1959, amended section 416 of the Agricultural Act of 1949 by adding the words "whether in private stocks or" after "commodities" the first time that word appears.
[48] Public Law 85–483, 72 Stat. 286, July 2, 1958, added the words "in nonprofit summer camps for children," after the words "nonprofit school-lunch programs,".

donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States.[49] For the purpose of this section the term 'State' and 'United States' include the District of Columbia and any Territory or possession of the United States."

SEC. 303.[50] The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial qualities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barters or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended,[51] to make such barters or exchanges. In carrying out barters or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United

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[49] Section 212 of the Agricultural Act of 1956 further amended section 416 of the Agricultural Act of 1949, as amended, by inserting before the last sentence a new sentence as follows: "In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible."

[50] 7 USC § 1692. This section amended by section 6 of Public Law 85–931 [S. 3420], 72 Stat. 1790. It formerly read as follows:

"Whenever the Secretary has reason to believe that, in addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, there may be opportunity to protect the funds and assets of the Commodity Credit Corporation by barter or exchange of such agricultural commodities for (a) strategic materials entailing less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs, he is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private trade channels, such barters or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barters or exchanges. Agencies of the United States Government procuring such materials, goods or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. Strategic materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing strategic materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials."

[51] 15 USC § 714b.

States and to assure that barters or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.

SEC. 304.[52] (a) The President shall exercise the authority contained in title I of this Act (1) to assist friendly nations to be independent of trade with the Union of Soviet Socialist Republics and with nations dominated or controlled by the Union of Soviet Socialist Republics and (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.

(b) Nothing in this Act shall be construed as authorizing transactions under title I or title III with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China.

SEC. 305.[53] All Commodity Credit Corporation stocks donated abroad under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marketing on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the people of the United States of America and where available funds accruing under title I shall be used for this purpose.

SEC. 306.[54] (a) In order to promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of food commodities acquired by the Commodity Credit Corporation or the Department of Agriculture in carrying out price support operations or diverted from the normal channels of trade and commerce under section 32 of the Act of August 24, 1935, as amended, the Secretary of Agriculture (in this section referred to as the "Secretary") is hereby authorized to promulgate and put into operation a program to distribute to needy persons in the United States, including needy Indians, through a food stamp system such surplus food commodities. Such program shall provide for the distribution of such surplus food commodities only during the period beginning February

[52] 7 USC § 1693. Section 304 was amended by section 6 of Public Law 85–128 [S. 1314], 71 Stat. 345. It formerly read: "The President shall exercise the authority contained herein (1) to assist friendly nations to be independent of trade with the U.S.S.R. or nations dominated or controlled by the U.S.S.R. for food, raw materials and markets, and (2) to assure that agricultural commodities sold or transferred hereunder do not result in increased availability of those or like commodities to unfriendly nations."

[53] Section 305 was amended by section 10 of Public Law 86–341. It formerly read: "All Commodity Credit Corporation stocks disposed of under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by, as far as practical, appropriate marking on each package or container as being furnished by the people of the United States of America."

[54] Section 306 was added by section 11 of Public Law 86–341.

1, 1960, and ending January 31, 1962. The cost of such program, including the cost to the Federal Government of acquiring, storing, and handling such surplus food commodities, shall not exceed $250,000,000 in any 12-month period beginning February 1 and ending January 31.

(b) In carrying out such program, the Secretary shall—

(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

(2) issue, or cause to be issued, pursuant to subsection (c), food stamps redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

(3) distribute surplus food in commercially packaged form, preferaby through normal channels of trade;

(4) establish standards under which, pursuant to subsection (c), the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

(5) consult the Secretary of Health, Education, and Welfare, and the Secretary of Labor, in establishing standards or eligibility for surplus foods and in the conduct of the program generally to assure achievement of the goals outlined in subsection (a) of this section; and

(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this section.

(c) The Secretary shall issue, to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under subsection (b)(1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be determined by the Secretary under subsection (b)(3).

(d) Receipt by any person of benefits under this section shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this section shall be ineligible for further participation under this section.

(e) Surplus foods to be distributed under this secton shall be limited to surplus foods acquired under the Agricultural Act of 1949 or diverted from the normal channels of trade under section 32 of Public Law 320, Seventy-fourth Congress.

(f) For the purposes of this section, a needy person is anyone receiving welfare assistance (financial or otherwise) from the welfare department or equivalent agency of any State or political subdivision thereof, or who is, in the opinion of such agency or agencies, in need

of welfare assistance but is ineligible to receive it because of State or local law.

(g) The Secretary of Agriculture, in consultation with the Secretary of Health, Education, and Welfare and the Secretary of Labor, shall make a study of, and shall report to Congress within six months after the date of enactment of this section, on the feasibility of, the costs of, and the problems involved in, extending the scope of the food stamp plan established by this section to include persons receiving unemployment compensation, receiving old-age and survivors insurance (social security) pensions, and other low-income groups not eligible to receive food stamps under this section.

(h) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this section.

SEC. 307.[55] Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, insofar as practicable he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act.

SEC. 308.[56] Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—

(1) to dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad.

TITLE IV—LONG-TERM SUPPLY CONTRACTS [57]

SEC. 401. The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by providing long-term credit for purchases of surplus agricultural commodities for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development

[55] Section 307 was added by section 12 of Public Law 86–341. See also fourth sentence of section 402 of the MSAct of 1954, as amended, page 25.
[56] Section 308 was added by section 13 of Public Law 86–341.
[57] Title IV was added by Sec. 14 of Public Law 86–341.

without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under which the United States shall undertake to provide for delivery annually of certain quantities of such surplus agricultural commodities for periods of not to exceed ten years, pursuant to the terms and conditions set out in this title, providing such commodities are in surplus at the time delivery is to be made.

SEC. 403. Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not more than the cost of the funds to the United States Treasury as determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturities of loans made by the President under this section. Payment may be made in approximately equal annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement and interest shall be computed from the date of such last delivery.

SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.

SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

SEC. 406. In carrying out this title, the provisions of sections 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

NOTE. Section 5 of Public Law 85–128 [S. 1314], 71 Stat. 345, approved August 13, 1957, made the following provision for reporting to Congress:

"(5) Within sixty days after any agreement is entered into for the use of any foreign currencies, a full report thereon shall be made to the Senate and the House of Representatives of the United States and to the Committees on Agriculture and Appropriations thereof."

NOTE. Section 3 of Public Law 962, 84th Congress [S. 3903], 70 Stat. 988, approved August 3, 1956, provides:

"Sales of fresh fruit and the products thereof under title I of the Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress (15 USC 616a) and section 901(b) of the Merchant Marine Act, 1936 (46 Stat. 1241(b))."

2. Extension of Agricultural Trade Development and Assistance Act of 1954, as Amended

Partial text of Public Law 85-931 [S. 3420], 72 Stat. 1790, approved September 6, 1958

> NOTE.—Except for sections 7, 8, and 9, reprinted below, the whole of Public Law 85-931 consists of amendments to the Agricultural Trade Development and Assistance Act of 1954, as amended.

AN ACT To extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, * * *

* * * * * * *

SEC. 7. Section 206 (a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a semicolon and the following: "but no strategic or critical material shall be acquired by the Commodity Credit Corporation as a result of such barter or exchange except for such national stockpile, for such supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs."

SEC. 8. In carrying out the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, extra long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act in the same manner as upland cotton or any other surplus agricultural commodity is made available, and products manufactured from upland or long staple cotton shall be made available for sale pursuant to the provisions of title I of the Act as long as cotton is in surplus supply, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with their sale or availability for sale under the Act: *Provided*, That that portion of the sales price of such products which is financed as a sale for foreign currency under title I of the Act shall be limited to the estimated portion of the sales price of such products attributable to the raw cotton content of such products.

SEC. 9. Notwithstanding any other provision of law (1) those areas under the jurisdiction or administration of the United States are authorized to receive from the Department of Agriculture for distribution on the same basis as domestic distribution in any State, Territory, or possession of the United States, without exchange of funds, such surplus commodities as may be available pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U. S. C. 612c), and section 416 of the Agricultural Act of 1949, as amended (7 U. S. C.

1431); and (2) the Commodity Credit Corporation is authorized to purchase products of oil seeds, and edible oils and fats and the products thereof in such form as may be needed for donation abroad as provided in the following sentence. Any such commodities or products if purchased shall be donated to nonprofit voluntary agencies registered with the Department of State, other appropriate agencies of the Federal Government or international organizations for use in the assistance of needy persons outside the United States. Commodity Credit Corporation may incur such additional costs with respect to such oil as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949.

3. Executive Order No. 10560, as Amended

Text of Executive Order No. 10560, September 9, 1954, 19 F.R. 5927, as amended by Executive Order No. 10685, October 27, 1956, 21 F.R. 8261; Executive Order No. 10708, May 6, 1957, 22 F.R. 3213; Executive Order No. 10746, December 12, 1957, 22 F.R. 10027; Executive Order No. 10827, June 25, 1959, 24 F.R. 5233; and Executive Order No. 10884, August 17, 1960, 25 F.R. 8019

Administration of the Agricultural Trade Development and Assistance Act of 1954

By virtue of the authority vested in me by section 301 of title 3 of the United States Code (65 Stat. 713) and as President of the United States, it is ordered as follows:

Sec. 1.[1] Department of Agriculture. (a) Except as otherwise provided in this order, the functions conferred upon the President by Titles I and IV of the Agricultural Trade Development and Assistance Act of 1954, as amended, are hereby delegated to the Secretary of Agriculture.

(b) The administration on behalf of the United States of the credit provisions of agreements entered into pursuant to Title IV of the Act (including the receiving of payments under agreements) shall be performed by such Federal agency or agencies as shall hereafter be designated therefor by the President.

Sec. 2. Foreign Operations Administration. The functions conferred upon the President by Title II of the Act are hereby delegated to the Director of the Foreign Operations Administration.[2]

Sec. 3. Department of State. (a) The functions of negotiating and entering into agreements with friendly nations or organizations of friendly nations conferred upon the President by the Act are hereby delegated to the Secretary of State.

(b) All functions under the Act, however vested, delegated, or assigned, shall be subject to the responsibilities of the Secretary of State with respect to the foreign policy of the United States as such policy relates to the said functions.

(c) The provisions of Part III of Executive Order No. 10476 of August 1, 1953 (18 F.R. 4537, ff),[3] are hereby extended and made applicable to functions provided for in the Act and to United States

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[1] Section 1 was amended by Executive Order 10884. It formerly read:
"Sec. 1. Department of Agriculture. Except as otherwise provided in this order, the functions conferred upon the President by Title I of the Agricultural Trade Development and Assistance Act of 1954 are hereby delegated to the Secretary of Agriculture."

[2] See Executive Order 10893, page 147, and State Department Delegation of Authority 85, as amended, page 136. See also Executive Order 10610, page 131.

[3] Section 303(b) of Executive Order 10575, as amended (the full text of which appears on page 112a), provides: "The reference in section 3(c) of Executive Order No. 10560 of September 9, 1954 (19 F.R. 5927), to Part III of Executive Order No. 10476 shall after the date of this order be deemed to be a reference to Part II of this order."
Section 304(2) of Executive Order 10893, which supersedes E.O. 10575, provides: "References in any prior Executive order not superseded under section 305(a) of this order to any provisions of any Executive order so superseded (including the reference in section 3(c) of Executive Order No. 10560 of September 9, 1954 (19 F.R. 5927), as affected by the provisions of section 303(b) of Executive Order No. 10575 of November 6, 1954, to Part II of the latter order) shall hereafter be deemed to be references to the corresponding provisions, if any, of this order."

agencies and personnel concerned with the administration abroad of the said functions.

SEC. 4.[4] FOREIGN CURRENCIES. (a) (1) The amounts of foreign currencies which accrue under Title I of the Act to be used for the loans described in section 104(g) of the Act, and the amounts of such currencies to be used for loans by the Export-Import Bank pursuant to section 4(d)(5) of this order, shall be the amounts thereof specified, or shall be the amounts thereof corresponding to the dollar amounts specified, for such loans in sales agreements entered into pursuant to section 3(a) of this order. The Department of State may allocate or transfer to the Development Loan Fund foreign currencies to be used for loans made by the latter under section 104(g) of the Act in pursuance of section 4(d)(7)(i) hereof.

(2) Except as otherwise provided in section 4(a)(1) above, the Director of the Bureau of the Budget shall from time to time fix the amounts of foreign currencies which accrue under Title I of the Act to be used for the purposes described in the respective lettered paragraphs of section 104 of the Act (including purposes financed with foreign currencies acquired, or to be acquired, with funds appropriated

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[4] Section 4 was amended by Executive Order 10827. It formerly read:

"SEC. 4. FOREIGN CURRENCIES. (a) There are hereby delegated to the Director of the Bureau of the Budget (1) so much of the functions conferred upon the President by the Act as consists of fixing from time to time the amounts of foreign currencies with accrue under Title I of the Act to be used for each of the several purposes described in paragraphs (a) to (j), inclusive, of section 104 of the Act, except paragraph (g) and except also paragraph (e) to the extent that the said paragraph (e) pertains to loans governed by the portion of paragraph (e) added by the act of August 13, 1957 (Public Law 85–128; 71 Stat. 345), and (2) the function conferred upon the President by the last proviso in section 104 of the Act of waiving the applicability of section 1415 of the Supplemental Appropriation Act, 1953.

"(b) The Secretary of the Treasury is hereby authorized to prescribe regulations governing the purchase, custody, deposit, transfer, and the sale of foreign currencies received under the Act.

"(c) The foregoing provisions of this section shall not limit section 3 of this order and the foregoing subsection (b) shall not limit subsection (a) above.

"(d) Purposes described in the lettered paragraphs of section 104 of the Act shall be carried out, with foreign currencies made available in consonance with law and the provisions of this order, as follows:

"(1) Those under section 104(a) of the Act by the Department of Agriculture.

"(2) Those under section 104(b) of the Act by the Office of Defense Mobilization. The function, conferred upon the President by that section, of determining from time to time materials to be purchased or contracted for for a supplemental stockpile is hereby delegated to the Director of the Office of Defense Mobilization.

"(3) Those under section 104(c) of the Act by the Department of Defense or the Department of State, as those agencies shall agree, or in the absence of agreement, as the Director of the Bureau of the Budget shall determine.

"(4) Those under sections 104 (d) and (g) of the Act and section 104(e) of the Act except to the extent that the said section 104(e) pertains to the loans referred to in section 4(d)(5) of this order by the Foreign Operations Administration. The function, conferred upon the President by Section 104(g) of the Act, of determining the manner in which the loans provided for in the said section 104(g) shall be made, is hereby delegated to the Director of the Foreign Operations Administration. The amounts of foreign currencies which accrue under Title I of the Act to be used for the loans described in paragraph (g) of section 104 of the Act shall be the amounts thereof specified, or shall be the amounts thereof corresponding to the dollar amounts specified, for such loans in sales agreements entered into pursuant to section 3(a) of this order.

"(5) Those under section 104(e) of the Act by the Export-Import Bank of Washington to the extent that the said section 104(e) pertains to loans governed by the portion of section 104(e) added by the said act of August 13, 1957. The amounts of foreign currencies which accrue under Title I of the Act to be used for the said loans by the Export-Import Bank of Washington shall be the amounts thereof specified, or shall be the amounts thereof corresponding to the dollar amounts specified, for such loans in sales agreements entered into pursuant to section 3(a) of this order.

"(6) Those under section 104(f) of the Act by the respective agencies of the Government having authority to pay United States obligations abroad.

"(7) Those under section 104(h) of the Act by the Department of State.

"(8) Those under section 104(i) of the Act by the United States Information Agency.

"(9) Those under section 104(j) of the Act by the Department of State and by the United States Information Agency in accordance with the division of responsibilities for the administration of section 203 of the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) provided by Reorganization Plan No. 8 of 1953 (67 Stat. 642) and Executive Order No. 10477 of August 1, 1953, and by subsequent agreement between the Department of State and the United States Information Agency."

by the Congress pursuant to the Act) and, to such extent as may be necessary, shall allocate the amounts so fixed among the Government agencies concerned.

(3) The function conferred upon the President by the last proviso of section 104 of the Act of waiving the applicability of section 1415 of the Supplemental Appropriation Act, 1953 (31 U.S.C. 724),[5] is hereby delegated to the Director of the Bureau of the Budget.

(b) The Secretary of the Treasury is hereby authorized to prescribe regulations governing the purchase, custody, deposit, transfer, and sale of foreign currencies received under the Act.

(c) The foregoing provisions of this section shall not limit section 3 of this order and the foregoing subsection (b) shall not limit subsection (a) above.

(d) The purposes described in the lettered paragraphs of section 104 of the Act shall be carried out, with foreign currencies made available in consonance with law and the provisions of this order,[6] as follows:

(1) Those under sections 104(a) and 104(m)(B) of the Act by the Department of Agriculture.

(2) Those under section 104(b) of the Act by the Office of Civil and Defense Mobilization. The function conferred upon the President by that section of determining, from time to time, materials to be contracted for or to be purchased for a supplemental stockpile is hereby delegated to the Director of the Office of Civil and Defense Mobilization.

(3) Those under section 104(c) of the Act by the Department of Defense or the Department of State, as those agencies shall agree, or in the absence of agreement, as the Director of the Bureau of the Budget shall determine.

(4) Those under sections 104(d) and 104(e) of the Act by the Department of State, except to the extent that section 104(e) pertains to the loans referred to in subsection (d)(5) of this section.

(5) Those under section 104(e) of the Act by the Export-Import Bank of Washington to the extent that section 104(e) pertains to loans governed by that portion of such section added by the act of August 13, 1957, 71 Stat. 345.

(6) Those under section 104(f) of the Act by the respective agencies of the Government having authority to pay United States obligations abroad.

(7)(i) Those under section 104(g) of the Act by the Department of State and by the Development Loan Fund, as they shall agree. (ii) The function conferred upon the President by section 104(g) of the Act of determining the manner in which the loans provided for in section 104(g) shall be made is hereby delegated to the Secretary of State with respect to loans made by the Department of State pursuant to the assignment of purposes effected under item (i) of this paragraph, and to the Development Loan Fund with respect to loans made by the Development Loan Fund pursuant to such assignment of purposes. (iii) As used herein, the term "the Development Loan Fund" means the Managing Director of the Development Loan Fund, acting subject to the immediate supervision and direction of the board

[5] For text, see page 88.

[6] Section 2(a) of Executive Order 10746 substituted "in consonance with law and the provisions of this order" for "pursuant to section 4(a) of this order".

of directors of the Development Loan Fund; but, notwithstanding the foregoing, the Development Loan Fund, with respect to this order, shall be subject to the supervision and direction of the Secretary of State.

(8) Those under sections 104(h) and 104(o) of the Act by the Department of State.

(9) Those under sections 104(i) and 104(m)(A) of the Act by the United States Information Agency.

(10) Those under section 104(j) of the Act by the Department of State and by the United States Information Agency in accordance with the division of responsibilities for the administration of the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) provided by Reorganization Plan No. 8 of 1953 (67 Stat. 642) and Executive Order No. 10477 of August 1, 1953, and by subsequent agreement between the Department of State and the United States Information Agency.

(11) Those under section 104(k) of the Act as follows: (i) Those with respect to collecting, collating, translating, abstracting, and disseminating scientific and technological information by the Director of the National Science Foundation and such other agency or agencies as the Director of the Bureau of the Budget, after appropriate consultation, may designate. (ii) All others by such agency or agencies as the Director of the Bureau of the Budget, after appropriate consultation, may designate. As used in this paragraph, the term "appropriate consultation" shall include consultation with the Secretary of State, the Director of the National Science Foundation, and any other appropriate Federal agency.[7]

(12) Those under section 104(l) of the Act by the Department of State and by any other agency or agencies designated therefor by the Secretary of State.

(13) Those under section 104(n) of the Act by the Librarian of Congress.

SEC. 5.[8] RESERVATION OF FUNCTIONS TO THE PRESIDENT. There are hereby reserved to the President the functions conferred upon him by section 108 of the Act (including that section as affected by section 406 of the Act), with respect to making reports to the Congress.

SEC. 6.[9] DEFINITION. As used in this order the term "Act" means the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 454), as amended, and includes, except as may be inappropriate, the provisions thereof amending other laws.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *September 9, 1954.*

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[7] Section 3 of Executive Order 10799, January 15, 1959 (24 F.R. 447), provided as follows:

"SEC. 3. The Director of the Bureau of the Budget shall allocate among the National Science Foundation and any other agencies designated pursuant to section 4(d)(10) of Executive Order No. 10560 (as added by section 2 of this order) the sum of $5,100,000 appropriated to the President by the provisions of Chapter VI of the Supplemental Appropriation Act, 1959 (Public Law 85–766) appearing under the subheading 'Translation of publications and scientific cooperation.'"

Sections 1 and 2 of Executive Order 10799 made interim changes in Sections 4 (a) and (d) of Executive Order 10560 which were superseded by Executive Order 10827.

[8] Section 5 was amended by Executive Order 10884. It formerly read:

"SEC. 5. RESERVATION OF FUNCTIONS TO THE PRESIDENT. There are hereby reserved to the President the functions conferred upon him by section 108 of the Act, with respect to making reports to Congress."

[9] Section 6 was amended by Section 2 of Executive Order 10682. It formerly read:

"DEFINITION. As used in this order the term 'the Act' means the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480 approved July 10, 1954, 68 Stat. 454) and includes, except as may be inappropriate, the provisions thereof amending other laws."

4. Section 416 of Agricultural Act of 1949, as Amended[1]

(7 U. S. C. 1431)

DISPOSITION OF COMMODITIES TO PREVENT WASTE

SEC. 416. In order to prevent the waste of commodities whether in private stocks or acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons outside the United States. In the case of (3) and (4) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States. In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this section the terms "State" and "United States" include the District of Columbia and any territory or possession of the United States.

[1] 63 Stat. 1058, approved October 31, 1949, as amended by § 302 Act July 10, 1954 (68 Stat. 458), § 212 Act May 28, 1956 (70 Stat. 203), § 1 Act July 2, 1958 (72 Stat. 286), and § 205 (c) Act July 24, 1959 (73 Stat. 250).

5. Section 32 of the Act of August 24, 1935, as Amended[1]

(7 U. S. C. 612c)

USE OF CUSTOMS DUTIES FOR AGRICULTURAL ASSISTANCE

SEC. 32. There is hereby appropriated for each fiscal year beginning with the fiscal year ending June 30, 1936, an amount equal to 30 per centum of the gross receipts from duties collected under the customs laws during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year. Such sums shall be maintained in a separate fund and shall be used by the Secretary of Agriculture only to (1) encourage the exportation of agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation or by payments to producers in connection with the production of that part of any agricultural commodity required for domestic consumption; (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce or by increasing their utilization through benefits, indemnities, donations or by other means, among persons in low-income groups as determined by the Secretary of Agriculture; and (3) reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption. Determinations by the Secretary as to what constitutes diversion and what constitutes normal channels of trade and commerce and what constitutes normal production for domestic consumption shall be final.

The sums appropriated under this section shall be expended for such one or more of the above-specified purposes, and at such times, in such manner, and in such amounts as the Secretary of Agriculture finds will effectuate substantial accomplishment of any one or more of the purposes of this section. Notwithstanding any other provision of this section, the amount that may be devoted, during any fiscal year after June 30, 1939, to any one agricultural commodity or the products thereof in such fiscal year, shall not exceed 25 per centum of the funds available under this section for such fiscal year. The sums appropriated under this section shall be devoted principally to perishable nonbasic agricultural commodities (other than those receiving price support under title II of the Agricultural Act of 1949) and their prod-

[1] 49 Stat. 774, approved August 24, 1935, as amended by § 2 Act February 29, 1936 (49 Stat. 1151), § 203 Act February 16, 1938 (52 Stat. 38), title I Act June 30, 1939 (53 Stat. 975), § 301 Act July 3, 1948 (62 Stat. 1257), § 411 Act October 31, 1949 (63 Stat. 1057), and § 5 (b) Act January 30, 1954 (68 Stat. 7).

ucts. The sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for the purposes of this section until expended; but any excess of the amount remaining unexpended at the end of any fiscal year over $300,000,000 shall, in the same manner as though it had been appropriated for the service of such fiscal year, be subject to the provisions of section 3690 of the Revised Statutes (U. S. C., title 31, sec. 712), and section 5 of the Act entitled "An Act making appropriations for the legislative, executive, and judicial expenses of the Government for the year ending June thirtieth, eighteen hundred and seventy-five and for other purposes".

D. DEPARTMENT OF STATE

1. Foreign Service Act of 1946, as Amended

Text of Public Law 724, 79th Cong. [H.R. 6967], 60 Stat. 999, approved August 13, 1946; as amended by P.L. 73, 81st Cong. [S. 1704], 63 Stat. 111, May 26, 1949; P.L. 160, 81st Cong. [H.R. 5100], 63 Stat. 407, July 6, 1949; P.L. 759, 83d Cong. [H.R. 9910], 68 Stat. 1051, August 31, 1954; P.L. 22, 84th Cong. [H.R. 4941], 69 Stat. 24, April 5, 1955; P.L. 250, 84th Cong. [S. 2237], 69 Stat. 536, August 5, 1955; P.L. 726, 84th Cong. [H.R. 11356], 70 Stat. 555, July 18, 1956; P.L. 828, 84th Cong. [S. 3481], 70 Stat. 704, July 28, 1956; P.L. 85-462 [S. 734], 72 Stat. 203, June 20, 1958; P.L. 85-477 [H.R. 12181], 72 Stat. 261, June 30, 1958; and P.L. 86-723 [S. 2633], 74 Stat. 831, September 8, 1960

AN ACT To improve, strengthen, and expand the Foreign Service of the United States and to consolidate and revise the laws relating to its administration.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SHORT TITLE, OBJECTIVES, AND DEFINITIONS

PART A—SHORT TITLE

SEC. 101. Titles I to X, inclusive, of this Act may be cited as the "Foreign Service Act of 1946".

PART B—OBJECTIVES

SEC. 111. The Congress hereby declares that the objectives of this Act are to develop and strengthen the Foreign Service of the United States so as—

(1) to enable the Foreign Service effectively to serve abroad the interests of the United States;

(2) to insure that the officers and employees of the Foreign Service are broadly representative of the American people and are aware of and fully informed in respect to current trends in American life;

(3) to enable the Foreign Service adequately to fulfill the functions devolving on it by reason of the transfer to the Department of State of functions heretofore performed by other Government agencies;

(4) to provide improvements in the recruitment and training of the personnel of the Foreign Service;

(5) to provide that promotions leading to positions of authority and responsibility shall be on the basis of merit and to insure the selection on an impartial basis of outstanding persons for such positions;

(6) to provide for the temporary appointment or assignment to the Foreign Service of representative and outstanding citizens of the United States possessing special skills and abilities;

(7) to provide salaries, allowances, and benefits that will permit the Foreign Service to draw its personnel from all walks of American life and to appoint persons to the highest positions in the Service solely on the basis of their demonstrated ability;

(8) to provide a flexible and comprehensive framework for the direction of the Foreign Service in accordance with modern practices in public administration; and

(9) to codify into one Act all provisions of law relating to the administration of the Foreign Service.

Part C—Definitions

Sec. 121. When used in this Act, the term—

(1) "Service" means the Foreign Service of the United States;

(2) "Secretary" means the Secretary of State;

(3) "Department" means the Department of State;

(4) "Government agency" means any executive department, board, bureau, commission, or other agency in the executive branch of the Federal Government, or any corporation wholly owned (either directly or through one or more corporations) by the United States;

(5) "Government" means the Government of the United States of America;

(6) "Continental United States" means the States and the District of Columbia;

(7) "Abroad" means all areas not included in the continental United States as defined in paragraph (6) of this section;

(8) "Principal officer" means the officer in charge of an embassy, legation, or other diplomatic mission or of a consulate general, consulate, or vice consulate of the United States; and

(9) "Chief of mission" means a principal officer appointed by the President, by and with the advice and consent of the Senate, to be in charge of an embassy or legation or other diplomatic mission of the United States, or any person assigned under the terms of this Act to be minister resident, chargé d'affaires, commissioner, or diplomatic agent.

TITLE II—GOVERNING BODIES FOR THE DIRECTION OF THE SERVICE

Part A—Officers

DIRECTOR GENERAL

Sec. 202.[1] The Service shall be administered by a Director General of the Foreign Service, hereinafter referred to as the Director General, who shall be appointed by the Secretary from among Foreign Service officers in the class of career minister or in class 1. Under the general supervision of the Secretary and the Assistant Secretary of State in

[1] See footnote on p. 220.

charge of the administration of the Department, the Director General shall, in addition to administering the Service and performing the duties specially vested in him by this or any other Act, coordinate the activities of the Service with the needs of the Department and of other Government agencies and direct the performance by officers and employees of the Service of the duties imposed on them by the terms of any law or by any order or regulation issued pursuant to law or by any international agreement to which the United States is a party.

SEC. 202. [Repealed by P.L. 73, 81st Cong. (63 Stat. 111; 22 U.S.C. 811a).]

PART B—BOARDS

BOARD OF THE FOREIGN SERVICE

SEC. 211.[1] (a) The Board of the Foreign Service shall be composed of the Assistant Secretary of State in charge of the administration of the Department, who shall be chairman; two other Assistant Secretaries of State, designated by the Secretary to serve on the Board; the Director General; and one representative each, occupying positions with comparable responsibilities, from the Departments of Agriculture, Commerce, and Labor, designated, respectively, by the heads of such departments. The Secretary may request the head of any other Government department to designate a representative, occupying a position with comparable responsibilities, to attend meetings of the Board whenever matters affecting the interest of such department are under consideration.

(b) The Board of the Foreign Service shall make recommendations to the Secretary concerning the functions of the Service; the policies and procedures to govern the selection, assignment, rating, and promotion of Foreign Service officers; and the policies and procedures to govern the administration and personnel management of the Service; and shall perform such other duties as are vested in it by other sections of this Act or by the terms of any other Act.

THE BOARD OF EXAMINERS FOR THE FOREIGN SERVICE

SEC. 212. (a) The Board of Examiners for the Foreign Service, shall, in accordance with regulations prescribed by the Secretary and under the general supervision of the Board of the Foreign Service, provide for and supervise the conduct of such examinations as may be given to candidates for appointment as Foreign Service officers in accordance with the provisions of sections 516 and 517 or to any other person to whom an examination for admission to the Service shall be given in accordance with the provisions of this or any other Act or

[1] Amended by section 3 of P.L. 73, 81st Cong. (63 Stat. 111; 22 U.S.C. 811a), which reads as follows: "The Secretary of State, or such person or persons designated by him, notwithstanding the provisions of the Foreign Service Act of 1946 (60 Stat. 999) or any other law, except where authority is inherent in or vested in the President of the United States, shall administer, coordinate, and direct the Foreign Service of the United States and the personnel of the State Department. Any provisions in the Foreign Service Act of 1946, or in any other law, vesting authority in the 'Assistant Secretary of State for Administration', the 'Assistant Secretary of State in Charge of the Administration of the Department', the 'Director General', or any other reference with respect thereto, are hereby amended to vest such authority in the Secretary of State." The Deputy Under Secretary for Administration at present serves as Chairman of the Board of the Foreign Service.

any regulations issued pursuant thereto, and provide for such procedures as may be necessary to determine the loyalty of such persons to the United States and their attachment to the principles of the Constitution.

(b) The membership of the Board of Examiners for the Foreign Service, not more than half of which shall consist of Foreign Service officers, shall be constituted in accordance with regulations prescribed by the Secretary.

TITLE III—DUTIES

PART A—GENERAL DUTIES

COMPLIANCE WITH TERMS OF STATUTES, INTERNATIONAL AGREEMENTS, AND EXECUTIVE ORDERS

SEC. 301. Officers and employees of the Service shall, under the direction of the Secretary, represent abroad the interests of the United States and shall perform the duties and comply with the obligations resulting from the nature of their appointments or assignments or imposed on them by the terms of any law or by any order or regulation issued pursuant to law or by any international agreement to which the United States is a party.

DUTIES FOR WHICH REGULATIONS MAY BE PRESCRIBED

SEC. 302. The Secretary shall, except in an instance where the authority is specifically vested in the President, have authority to prescribe regulations not inconsistent with the Constitution and the laws of the United States in relation to the duties, functions, and obligations of officers and employees of the Service and the administration of the Service.

DELEGATION OF AUTHORITY TO PRESCRIBE REGULATIONS

SEC. 303. In cases where authority to prescribe regulations relating to the Service or the duties and obligations of officers and employees of the Service is especially vested in the President by the terms of this or any other Act, the President may, nevertheless, authorize the Secretary to prescribe such regulations.

PART B—SERVICES FOR GOVERNMENT AGENCIES AND OTHER ESTABLISHMENTS OF THE GOVERNMENT

SEC. 311. The officers and employees of the Service shall, under such regulations as the President may prescribe, perform duties and functions in behalf of any Government agency or any other establishment of the Government requiring their services, including those in the legislative and judicial branches, but the absence of such regulations shall not preclude officers and employees of the Service from acting for and on behalf of any such Government agency or establishment whenever it shall through the Department request their services.

TITLE IV—CATEGORIES AND SALARIES OF PERSONNEL

PART A—CATEGORIES OF PERSONNEL

SEC. 401. The personnel of the Service shall consist of the following categories of officers and employees:

(1) Chiefs of mission, who shall be appointed or assigned in accordance with the provisions of section 501;

(2) Foreign Service officers, who shall be appointed in accordance with section 511, including those serving as chiefs of mission;

(3) Foreign Service Reserve officers, who shall be assigned to the Service on a temporary basis from Government agencies or appointed on a temporary basis from outside the Government in accordance with the provisions of section 522, in order to make available to the Service such specialized skills as may from time to time be required;

(4) Foreign Service staff officers and employees, who shall be appointed in accordance with the provisions of section 531 and who shall include all personnel who are citizens of the United States, not comprehended under paragraphs (1), (2), (3), and (6) of this section, and who shall occupy positions with technical, administrative, fiscal, clerical, or custodial responsibilities;

(5) Alien clerks and employees, who shall be appointed in accordance with the provisions of section 541; and

(6) Consular agents, who shall be appointed in accordance with the provisions of section 551.

PART B—SALARIES

CHIEFS OF MISSION

SEC. 411.[2] The President shall for salary purposes classify into four classes the positions which are to be occupied by chiefs of mission. The per annum salaries of chiefs of mission within each class shall be as follows: Class 1, $27,500 per annum; class 2, $25,000; class 3, $22,500; and class 4, $20,000.

FOREIGN SERVICE OFFICERS

SEC. 412.[3] There shall be ten classes of Foreign Service officers, including the classes of career ambassador and of career minister.

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[2] As amended by section 2 of P.L. 828, 84th Cong. (70 Stat. 704; 22 U.S.C. 866). See footnote 3 for text of section 16(f) of P.L. 828, 84th Cong., relating to effective date of salary increases for chiefs of mission. Authority to classify positions of chiefs of mission was delegated to the Secretary by E.O. 9799.

[3] As amended by P.L. 250, 84th Cong. (69 Stat. 536); and subsequently amended and restated by P.L. 828, 84th Cong. (70 Stat. 704; 22 U.S.C. 867). Subsections (a), (b), (c), and (f) of section 16, P.L. 828, 84th Cong., read as follows:

"SEC. 16. (a) Foreign Service officers presently serving in the class of career ambassador and the class of career minister shall receive the salary prescribed for career ambassadors and for career ministers, respectively, by section 412 of such Act, as amended.

"(b) Foreign Service officers and Reserve officers in the other classes shall be transferred to the new classes established by section 412 of such Act, as amended, as follows: Officers of class 1 to the new class 1; officers of class 2 to the new class 2; officers of class 3 to the new class 3; officers of class 4 to the new classes 4 or 5 as determined by the Secretary, in accordance with the second sentence of this subsection; officers of class 5 to the new class 6; and officers of class 6 to the new class 7. In accordance with such regulations as the Secretary may prescribe there shall be transferred to the new class 4 those officers of the present class 4 who either are receiving the sixth through the eighth step rates of the present class 4 or who were eligible and were recommended for promotion by the selection board next preceding the effective date of this Act. All remaining officers in the present class 4 shall be transferred to the new class 5.

The per annum salary of a career ambassador shall be $20,000.[4] The per annum salary of a career minister shall be $19,800. The per annum salaries of Foreign Service officers within each of the other classes shall be as follows: [5]

Class 1	$17,250	$17,650	$18,050	$18,450	$18,850	$19,250	$19,650	------
Class 2	14,900	15,255	15,610	15,965	16,320	16,675	17,030	------
Class 3	12,535	12,890	13,245	13,600	13,955	14,310	14,665	------
Class 4	10,645	10,945	11,245	11,545	11,845	12,145	12,445	------
Class 5	8,755	9,055	9,355	9,655	9,955	10,255	10,555	------
Class 6	7,215	7,455	7,695	7,935	8,175	8,415	8,655	------
Class 7	6,035	6,215	6,395	6,575	6,755	6,935	7,115	------
Class 8	5,085	5,265	5,445	5,625	5,805	5,985	6,165	$6,345

SALARIES AT WHICH FOREIGN SERVICE OFFICERS MAY BE APPOINTED

SEC. 413.[6] A person appointed as a Foreign Service officer shall receive basic salary at one of the rates of the class to which he is appointed which the Secretary shall, taking into consideration his age, qualifications, and experience, determine to be appropriate for him to receive.

FOREIGN SERVICE RESERVE OFFICERS

SEC. 414.[7] (a) There shall be eight classes of Foreign Service Reserve officers, referred to hereafter as Reserve officers, which classes shall correspond to classes 1 to 8 of Foreign Service officers.

(b) A Reserve officer shall receive salary at any one of the rates provided for the class to which he is appointed or assigned in accordance with the provisions of section 523.

(c) Any person assigned as a Reserve officer from any Government agency shall receive his salary from appropriations provided for the Department during the period of his service as a Reserve officer.

FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

SEC. 415. There shall be twenty-two classes of Foreign Service staff officers and employees, referred to hereafter as staff officers and em-

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"(c) Each officer transferred pursuant to paragraph (b) of this section shall, under such regulations as the Secretary may prescribe, receive basic salary at that one of the rates of the class to which he is transferred which shall, as nearly as possible, correspond to the salary he is receiving at the time of transfer, except that no officer shall suffer a reduction in basic salary as a result thereof.

"(f) The class and salary adjustments made pursuant to paragraphs (a), (b), and (c) of this section and the salary increases for chiefs of mission authorized by section 2 of this Act shall be made effective as of the first day of the first pay period which begins after the date of enactment of this Act or on the first day of the first pay period which begins after July 1, 1956, whichever shall be later."

(Although the above text does not amend any specific section of the Act, it was included in the Foreign Service Act Amendments of 1956 and is considered a part of the Foreign Service Act as amended.)

[4] P.L. 201, 82d Cong. (65 Stat. 612), increased the salary rate for career minister from $13,500 to $14,300. P.L. 94, 84th Cong. (69 Stat. 172), increased the rate to $14,800. P.L. 828, 84th Cong. (70 Stat. 704; 22 U.S.C. 867), increased the rate to $17,500. P.L. 85-462 (72 Stat. 211) increased the rate to $19,250. P.L. 86-568 (74 Stat. 299) increased the rate to $19,800.

[5] Salary rates for Foreign Service officers, classes 1 through 6, were increased by Public Law 160, 81st Cong. (63 Stat. 407), Public Law 201, 82d Cong. (65 Stat. 612), and Public Law 94, 84th Cong. (69 Stat. 172). Public Law 828, 84th Cong. (70 Stat. 704) added classes 7 and 8, and adjusted the salary rates of classes 1 through 8. Public Law 85-462 (72 Stat. 211) and Public Law 86-568 (74 Stat. 299; 22 U.S.C. 867) further increased salary rates.

[6] Section 413(b) was amended by Public Law 759, 83d Cong. (68 Stat. 1051; 22 U.S.C. 868). Section 413 was subsequently amended and restated by Public Law 22, 84th Cong. (69 Stat. 24; 22 U.S.C. 868).

[7] As amended by Public Law 828, 84th Cong. (70 Stat. 704; 22 U.S.C. 869).

ployees. The per annum rates of staff officers and employees within each class shall be as follows: [8]

Class 1	$12,655	$13,030	$13,405	$13,780	$14,155	-------	------
Class 2	11,740	12,065	12,390	12,715	13,040	-------	------
Class 3	10,785	11,095	11,405	11,715	12,025	-------	------
Class 4	9,780	10,090	10,400	10,710	11,020	-------	------
Class 5	9,025	9,285	9,545	9,805	10,065	$10,325	------
Class 6	8,270	8,500	8,730	8,960	9,190	9,420	------
Class 7	7,515	7,745	7,975	8,205	8,435	8,665	------
Class 8	6,760	6,990	7,220	7,450	7,680	7,910	------
Class 9	6,005	6,235	6,465	6,695	6,925	7,155	------
Class 10	5,500	5,690	5,880	6,070	6,260	6,450	$6,640
Class 11	5,000	5,155	5,310	5,465	5,620	5,775	5,930
Class 12	4,495	4,650	4,805	4,960	5,115	5,270	5,425
Class 13	4,010	4,165	4,320	4,475	4,630	4,785	4,940
Class 14	3,550	3,705	3,860	4,015	4,170	4,325	4,480
Class 15	3,325	3,440	3,555	3,670	3,785	3,900	4,015
Class 16	3,095	3,175	3,255	3,335	3,415	3,495	3,575
Class 17	2,860	2,940	3,020	3,100	3,180	3,260	3,340
Class 18	2,640	2,720	2,800	2,880	2,960	3,040	3,120
Class 19	2,410	2,490	2,570	2,650	2,730	2,810	2,890
Class 20	2,180	2,260	2,340	2,420	2,500	2,580	2,660
Class 21	1,950	2,030	2,110	2,190	2,270	2,350	2,430
Class 22	1,720	1,800	1,880	1,960	2,040	2,120	2,200

SALARIES AT WHICH FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES MAY BE APPOINTED

SEC. 416.[9] (a) A person appointed as a staff officer or employee shall receive basic salary at one of the rates of the class to which he is appointed which the Secretary shall, taking into account his qualifications and experience and the needs of the Service, determine to be appropriate for him to receive.

(b) Whenever the Secretary determines that the needs of the Service warrant the appointment of staff officers or employees in a particular occupational group uniformly at a rate above the minimum rate of the applicable class, he may adjust the basic salary of any staff officer or employee in the same class and occupational group who is receiving less than such established rate.

SALARIES OF ALIEN CLERKS AND EMPLOYEES

SEC. 417.[10] The salary or compensation of an alien clerk or employee shall be fixed by the Secretary in accordance with such regulations as he shall prescribe and, as soon as practicable, in accordance with the provisions of section 444. The salary or compensation of an alien clerk or employee fixed on a per annum basis may, notwithstanding the provisions of any other law, be payable on a weekly or biweekly basis. When a one- or two-week pay period of such a clerk or employee begins in one fiscal year and ends in another, the gross amount of the earnings for such pay period may be regarded as a charge against the appropriation or allotment current at the end of such pay period.

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[8] Salary rates for Foreign Service staff officers and employees, classes 1 through 22, were increased by Public Law 160, 81st Cong. (63 Stat. 407), Public Law 201, 82d Cong. (65 Stat. 612), Public Law 94, 84th Cong. (69 Stat. 172), Public Law 85–462 (72 Stat. 212), and Public Law 86–568 (74 Stat. 300; 22 U.S.C. 870).

[9] As amended and restated by P.L. 86–723 (74 Stat. 831; 22 U.S.C. 871).

[10] As amended by P.L. 86–723 (74 Stat. 831; 22 U.S.C. 872).

SALARIES OF CONSULAR AGENTS

SEC. 418. The salary or compensation of a consular agent shall be fixed by the Secretary in accordance with such regulations as he shall prescribe and, as soon as practicable, in accordance with the provisions of section 445.

PART C—SALARIES OF OFFICERS TEMPORARILY IN CHARGE

AS CHARGES D'AFFAIRES AD INTERIM

SEC. 421. For such time as any Foreign Service officer shall be authorized to act as chargé d'affaires ad interim at the post to which he is assigned, he shall receive, in addition to his basic salary as Foreign Service officer, compensation equal to that portion of the difference between such salary and the basic salary provided for the chief of mission as the Secretary may determine to be appropriate.

AS OFFICERS IN CHARGE OF CONSULATES GENERAL OR CONSULATES

SEC. 422. For such time as any Foreign Service officer or any consul or vice consul who is not a Foreign Service officer is temporarily in charge of a consulate general or consulate during the absence or incapacity of the principal officer, he shall receive, in addition to his basic salary as Foreign Service officer or consul or vice consul, compensation equal to that portion which the Secretary shall determine to be appropriate of the difference between such salary and the basic salary provided for the principal officer, or, if there be none, of the former principal officer.

PART D—TIME OF RECEIVING SALARY

CHIEFS OF MISSION

SEC. 431.[11] (a) Under such regulations as the Secretary may prescribe, a chief of mission may be entitled to receive salary from the effective date of his appointment to the date marking his return to his place of residence at the conclusion of the period of his official service as chief of mission or upon termination of his service in accordance with the provisions of paragraph (b) of this section, but no chief of mission shall be entitled to receive salary while absent from his post whenever the Secretary shall find that such absence was without authorization or justification. If a chief of mission in one position is appointed as chief of mission in another position, he shall be entitled to receive the salary pertaining to the new position commencing on the effective date of the new appointment.

(b)[12] The official services of a chief of mission shall not be deemed terminated by the appointment of a successor but shall continue until he has relinquished charge of the mission and for such additional period as may be determined by the Secretary, but in no case shall such additional period exceed fifty days, including time spent in transit. During such period the Secretary may require him to render such services as he may deem necessary in the interests of the Government.

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[11] As amended by P.L. 86–723 (74 Stat. 831; 22 U.S.C. 881).
[12] As amended and restated by P.L. 86–723 (74 Stat. 831; 22 U.S.C. 881).

(c) During the service of a Foreign Service officer as chief of mission he shall receive, in addition to his salary as Foreign Service officer, compensation equal to the difference, if any, between such salary and the salary of the position to which he is appointed or assigned.

OTHER OFFICERS AND EMPLOYEES

SEC. 432. (a) Under such regulations as the Secretary may prescribe, any officer or employee appointed to the Service may be entitled to receive salary from the effective date of his appointment to the date when he shall have returned to his place of residence at the conclusion of the period of his official service, or the termination of time spent on authorized leave, whichever shall be later, but no such officer or employee shall be entitled to receive salary while absent from his post whenever the Secretary shall find that such absence was without authorization or justification.

(b) A Foreign Service officer, appointed during a recess of the Senate, shall be paid salary from the effective date of his appointment until the end of the next session of the Senate, if he has not theretofore been confirmed by the Senate, or until his rejection by the Senate before the end of its next session.

(c) A Foreign Service officer promoted to a higher class shall receive salary at the rate prescribed in section 412 for the class to which he is promoted from the effective date of his appointment to such class. A Foreign Service officer promoted to a higher class during a recess of the Senate shall receive salary at the rate prescribed for the class to which he is promoted from the effective date of his appointment to such class until the end of the next session. If the Senate should reject or fail to confirm the promotion of such an officer during the session following the date of his promotion, the Foreign Service officer shall, unless he has become liable to separation in accordance with the provisions of section 633,[13] be automatically reinstated in the class from which he was promoted and receive the salary he was receiving prior to his promotion, such reinstatement to be effective, in the event of rejection of the nomination, from the date of rejection; and in the event of the failure of the Senate to act on the nomination during the session following a promotion, from the termination of that session.

PART E—CLASSIFICATION

CLASSIFICATION OF POSITIONS IN THE FOREIGN SERVICE AND IN THE DEPARTMENT

SEC. 441.[13a] (a) Under such regulations as he may prescribe, and in order to facilitate effective management, the Secretary shall classify all positions in the Service at posts abroad, excluding positions to be occupied by chiefs of mission, and in the case of those occupied by Foreign Service officers, Reserve officers, and staff officers and em-

[13] Reference to "or 634" deleted by P.L. 22, 84th Cong. (69 Stat. 24; 22 U.S.C. 882(c)).
[13a] Amended and restated by P.L. 86–723 (74 Stat. 831; 22 U.S.C. 886).

ployees, he shall establish such positions in relation to the classes established by sections 412, 414, and 415, respectively. Positions occupied by alien employees and consular agents, respectively, shall be allocated to such classes as the Secretary may establish by regulation.

(b) Under such regulations as he may prescribe, the Secretary may, notwithstanding the provisions of the Classification Act of 1949, as amended (5 U.S.C. 1071 and the following), classify positions in or under the Department which he designates as Foreign Service Officer positions to be occupied by officers and employees of the Service, and establish such positions in relation to the classes established by sections 412, 414, and 415.

SEC. 442. (Repealed by P.L. 86–723 (74 Stat. 847).)

ADMINISTRATIVE ESTABLISHMENT OF SALARY DIFFERENTIALS

SEC. 443.[14] (Repealed by P.L. 86–707 (74 Stat. 795).)

COMPENSATION PLANS FOR ALIEN EMPLOYEES

SEC. 444.[15] (a) The Secretary shall, in accordance with such regulations as he may prescribe, establish compensation plans for alien employees of the Service: *Provided*, That such compensation plans shall be based upon prevailing wage rates and compensation practices for corresponding types of positions in the locality, to the extent consistent with the public interest.

(b) For the purpose of performing functions abroad, other Government agencies are authorized to administer alien employee programs in accordance with the applicable provisions of this Act.

CLASSIFICATION OF CONSULAR AGENTS

SEC. 445. Upon the basis of the classification provided for in section 441, the Secretary shall, with the advice of the Board of the Foreign Service, from time to time prepare schedules of salaries for classes of positions of consular agents, which classes shall be established by regulation, and shall allocate all such positions to the appropriate classes.

EXEMPTION FROM THE APPLICATION OF THE CLASSIFICATION ACT

SEC. 446.[16] Title II of the Act of November 26, 1940, entitled "An Act extending the classified executive Civil Service of the United States" (54 Stat. 1212; 5 U.S.C. 681), is hereby further amended by deleting paragraph (vii) of section 3(d) and by substituting in lieu of the present language of paragraph (vi) of section 3(d) the following language: "Offices or positions of officers and employees of the Foreign Service".

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[14] See sec. 231 of P.L. 86–707 for similar provisions.
[15] As amended and restated by P.L. 86–723 (74 Stat. 832; 22 U.S.C. 889).
[16] No longer for application—see section 202(2) of the Classification Act of 1949 (P.L. 429, 81st Cong., 63 Stat. 954; 5 U.S.C. 1082).

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TITLE V—APPOINTMENTS AND ASSIGNMENTS

PART A—PRINCIPAL DIPLOMATIC REPRESENTATIVES

POLICY

SEC. 500.[17] It is the policy of the Congress that chiefs of mission and Foreign Service officers appointed or assigned to serve the United States in foreign countries shall have, to the maximum practicable extent, among their qualifications, a useful knowledge of the principal language or dialect of the country in which they are to serve, and knowledge and understanding of the history, the culture, the economic and political institutions, and the interests of such country and its people.

APPOINTMENTS

SEC. 501.[18] (a) The President shall, by and with the advice and consent of the Senate, appoint ambassadors and ministers, including career ambassadors and career ministers.

(b) The President may, in his discretion, assign any Foreign Service officer to serve as minister resident, chargé d'affaires, commissioner, or diplomatic agent for such period as the public interest may require.

LISTS OF FOREIGN SERVICE OFFICERS QUALIFIED TO BE CAREER MINISTERS OR CHIEFS OF MISSION TO BE FURNISHED TO THE PRESIDENT

SEC. 502.[19] (a) The Secretary shall, on the basis of recommendations made by the Board of the Foreign Service, from time to time furnish the President with the names of Foreign Service officers qualified for appointment to the class of career ambassador and class of career minister together with pertinent information about such officers, but no person shall be appointed into the class of career minister who has not been appointed to serve as a chief of mission or appointed or assigned to serve in a position which, in the opinion of the Secretary, is of comparable importance. A list of such positions shall from time to time be published by the Secretary. No person shall be appointed into the class of career ambassador who has not (1) served for at least fifteen years in a position of responsibility in a Government agency, or agencies, including at least three years as a career minister; (2) rendered exceptionally distinguished service to the Government; and (3) met such other requirements as the Secretary shall prescribe.

(b) The Secretary shall also, on the basis of recommendations made by the Board of the Foreign Service, from time to time furnish the President with the names of Foreign Service officers qualified for appointment or assignment as chief of mission, together with pertinent information about such officers, in order to assist the President in selecting qualified candidates for appointment or assignment in such capacity.

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[17] As added by P.L. 86–723 (74 Stat. 832; 22 U.S.C. 901 et seq.).
[18] As amended by P.L. 250, 84th Cong. (69 Stat. 536; 22 U.S.C. 901).
[19] As amended by P.L. 250, 84th Cong. (69 Stat. 536; 22 U.S.C. 902).

PART B—FOREIGN SERVICE OFFICERS

APPOINTMENTS

SEC. 511. The President shall appoint Foreign Service officers by and with the advice and consent of the Senate. All appointments of Foreign Service officers shall be by appointment to a class and not to a particular post.

COMMISSIONS

SEC. 512. Foreign Service officers may be commissioned as diplomatic or consular officers or both and all official acts of such officers while serving under diplomatic or consular commissions shall be performed under their respective commissions as diplomatic or consular officers.

LIMITS OF CONSULAR DISTRICTS

SEC. 513. The Secretary shall define the limits of consular districts.

ASSIGNMENTS AND TRANSFERS

SEC. 514. A Foreign Service officer, commissioned as a diplomatic or consular officer, may be assigned by the Secretary to serve in any diplomatic position other than that of chief of mission or in any consular position, and he may also be assigned to serve in any other capacity in which he is eligible to serve under the terms of this or any other Act. He may be transferred from one post to another by order of the Secretary as the interests of the Service may require.

CITIZENSHIP REQUIREMENTS

SEC. 515. No person shall be eligible for appointment as a Foreign Service officer unless he is a citizen of the United States and has been such for at least ten years.

ADMISSION TO CLASS 7 OR 8 [20]

SEC. 516.[20] (a) No person shall be eligible for appointment as a Foreign Service officer of class 8 unless he has passed such written, oral, physical, and other examinations as the Board of Examiners for the Foreign Service may prescribe to determine his fitness and aptitude for the work of the Service and has demonstrated his loyalty to the Government of the United States and his attachment to the principles of the Constitution. The Secretary shall furnish the President with the names of those persons who have passed such examinations and are eligible for appointment as Foreign Service officers of class 8.

(b) [21] The Secretary may furnish the President with the names of those persons who have passed such examinations and are eligible for appointment as Foreign Service officers of class 8, whom he recom-

[20] As amended by P.L. 828, 84th Cong. (70 Stat. 704) and P.L. 86–723 (74 Stat. 832; 22 U.S.C. 911).
[21] Added by P.L. 86–723 (74 Stat. 832; 22 U.S.C. 911).

mends for appointment directly to class 7 when in his opinion their age, experience, or other qualifications make such an appointment appropriate.

ADMISSION TO CLASSES 1 TO 7, INCLUSIVE

SEC. 517.[22] A person who has not been appointed as a Foreign Service officer in accordance with section 516 of this Act shall not be eligible for appointment as a Foreign Service officer of classes 1 to 7, inclusive, unless he has passed comprehensive mental and physical examinations prescribed by the Board of Examiners for the Foreign Service to determine his fitness and aptitude for the work of the Service; demonstrated his loyalty to the Government of the United States and his attachment to the principles of the Constitution; and rendered at least four years of actual service prior to appointment in a position of responsibility in the service of a Government agency, or agencies, except that, if he has reached the age of thirty-one years, the requirement as to service may be reduced to three years. The Secretary shall furnish the President with the names of those persons who shall have passed such examinations and are eligible for appointment as Foreign Service officers of classes 1 to 7, inclusive. The Secretary shall, taking into consideration the age, qualifications, and experience of each candidate for appointment, recommend the class to which he shall be appointed in accordance with the provisions of this section.

ADMISSION TO THE CLASS OF CAREER MINISTER

SEC. 518.[23] No person shall be eligible for appointment to the class of career ambassador or career minister who is not a Foreign Service officer.

REASSIGNMENT TO FOREIGN SERVICE OF FORMER AMBASSADORS AND MINISTERS

SEC. 519. If, within three months of the date of the termination of his services as chief of mission and of any period of authorized leave, a Foreign Service officer has not again been appointed or assigned as chief of mission or assigned in accordance with the provisions of section 514, he shall be retired from the Service and receive retirement benefits in accordance with the provisions of section 821.

REAPPOINTMENT, RECALL, OR REEMPLOYMENT OF FOREIGN SERVICE OFFICERS [24]

SEC. 520.[24] (a) The President may, by and with the advice and consent of the Senate, reappoint to the Service, a former Foreign Service officer who has been separated from the Service. The Secretary shall, taking into consideration the qualifications and experience of each candidate for reappointment and the rank of his contemporaries in the Service, recommend the class to which he shall be reappointed in accordance with the provisions of this section.

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[22] As amended by P.L. 22, 84th Cong. (69 Stat. 24); P.L. 828, 84th Cong. (70 Stat. 704); and P.L. 86–723 (74 Stat. 832; 22 U.S.C. 912).
[23] As amended by P.L. 250, 84th Cong. (69 Stat. 536; 22 U.S.C. 913).
[24] As amended by P.L. 86–723 (74 Stat. 832; 22 U.S.C. 915).

(b) [25] The Secretary may recall any retired Foreign Service officer temporarily to duty in the Service whenever he shall determine such recall is in the public interest.

(c) [26] Notwithstanding the provisions of title 5, United States Code, section 62, and title 5, United States Code, section 715a, a Foreign Service officer heretofore or hereafter retired under the provisions of section 631 or 632 or a Foreign Service staff officer or employee hereafter retired under the provisions of section 803 shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

Part C—Foreign Service Reserve Officers

ESTABLISHMENT OF RESERVE

Sec. 521. In accordance with the terms of this Act and under such regulations as the Secretary shall prescribe, there shall be organized and maintained a Foreign Service Reserve, referred to hereafter as the Reserve.

APPOINTMENTS AND ASSIGNMENTS TO THE RESERVE

Sec. 522.[27] Whenever the services of a person who is a citizen of the United States and who has been such for at least five years are required by the Service, the Secretary may—

(1) appoint as a Reserve officer for nonconsecutive periods of not more than five years each, a person not in the employ of the Government whom the Board of the Foreign Service shall deem to have outstanding qualifications;

(2) assign as a Reserve officer for nonconsecutive periods of not more than five years each a person regularly employed in any Government agency, subject in the case of an employee of a Government agency other than the Department of State, to the consent of the head of the agency concerned; and

(3) [28] extend the appointment or assignment of any Reserve officer, or continue the services of any such Reserve officer by reappointment without regard to the provisions of section 527 of this Act, for not more than five additional years if the Secretary deems it to be in the public interest to continue such officer in the Service, except that the assignment of any Reserve officer under paragraph (2) above may not be extended under the provisions of this paragraph without the consent of the head of the agency concerned.

APPOINTMENT OR ASSIGNMENT TO A CLASS

Sec. 523. A Reserve officer, appointed or assigned to active duty, shall be appointed or assigned to a class and not to a particular post,

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[25] As amended and restated by P.L. 86–723 (74 Stat. 832; 22 U.S.C. 915).
[26] Added by P.L. 86–723 (74 Stat. 832; 22 U.S.C. 915).
[27] As amended by P.L. 22, 84th Cong. (69 Stat. 24; 22 U.S.C. 922).
[28] Added by P.L. 86–108 (73 Stat. 257; 22 U.S.C. 922).

and such an officer may be assigned to posts and may be transferred from one post to another by order of the Secretary as the interests of the Service may require. The class to which he shall be appointed or assigned shall depend on his age, qualifications, and experience.

COMMISSIONS

SEC. 524. Whenever the Secretary shall deem it in the interests of the Service that a Reserve officer shall serve in a diplomatic or consular capacity, he may recommend to the President that such officer be commissioned as a diplomatic or consular officer or both. The President may, by and with the advice and consent of the Senate, commission such officer as a diplomatic or consular officer or both and all official acts of such an officer while serving under a diplomatic or consular commission shall be performed under his commission as a diplomatic or consular officer. In all other cases, appropriate rank and status analogous to that of Foreign Service officers engaged in work of comparable importance shall be provided to permit Reserve officers to carry out their duties effectively.

SEC. 525. (Repealed by P.L. 86–723 (74 Stat. 847).)

BENEFITS

SEC. 526. A Reserve officer shall, except as otherwise provided in regulations which the Secretary may prescribe, receive all the allowances, privileges, and benefits which Foreign Service officers are entitled to receive in accordance with the provisions of title IX.

REAPPOINTMENT OR REASSIGNMENT OF RESERVE OFFICERS

SEC. 527. A person who has served as a Reserve officer may not be reappointed or reassigned to active duty until the expiration of a period of time equal to his preceding tour of duty or until the expiration of a year, whichever is the shorter.

REINSTATEMENT OF RESERVE OFFICERS

SEC. 528.[29] Upon the termination of the assignment of a Reserve officer assigned from any Government agency, such person shall be entitled to reinstatement in the Government agency by which he is regularly employed in the same position he occupied at the time of assignment, or in a corresponding or higher position. Upon reinstatement he shall receive the within-grade salary advancements he would have been entitled to receive had he remained in the position in which he is regularly employed under the Classification Act of 1949, as amended, or any corresponding provision of law applicable to the position in which he is serving. A certificate of the Secretary that such person has met the standards required for the efficient conduct of the work of the Foreign Service shall satisfy any requirements as to the holding of minimum ratings as a prerequisite to the receipt of such salary advancements.

[29] As amended by P.L. 86–723 (74 Stat. 833; 22 U.S.C. 928).

PART D—FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

APPOINTMENTS

SEC. 531.[30] The Secretary may, under such regulations as he may prescribe, appoint staff officers and employees on the basis of qualifications and experience. The Secretary may make provisions for temporary, limited, and such other types of appointment as he may deem necessary. He is authorized to establish appropriate probationary periods during which newly appointed staff officers or employees, other than those appointed for temporary or limited services shall be required to serve. The Secretary may terminate at any time, without regard to the provisions of section 637, or the provisions of any other law, the services of staff officers or employees appointed for temporary or limited service and staff officers or employees who have not completed probationary periods, except that if such separation is by reason of misconduct the provisions of section 637 shall be applicable.

ASSIGNMENTS AND TRANSFERS

SEC. 532.[30] Under such regulations as he may prescribe, the Secretary may assign a staff officer or employee to any post or he may assign him to serve in any position in which he is eligible to serve under the terms of this or any other Act. A staff officer or employee may be transferred from one post to another by order of the Secretary as the interests of the Service may require.

COMMISSION AS CONSUL OR VICE CONSUL

SEC. 533. On the recommendation of the Secretary, the President may, by and with the advice and consent of the Senate, commission a staff officer or employee as consul. The Secretary may commission a staff officer or employee as vice consul. Official acts of staff officers or employees while serving under consular commissions in the Service shall be performed under their respective commissions as consular officers.

CITIZENSHIP REQUIREMENT

SEC. 534. No person shall be eligible for appointment as staff officer or employee who is not a citizen of the United States at the time of his appointment.

PART E—ALIEN CLERKS AND EMPLOYEES

APPOINTMENTS

SEC. 541. The Secretary shall appoint alien clerks and employees at posts abroad under such regulations as he may prescribe and, as soon as practicable, in accordance with the provisions of section 444.

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[30] As amended and restated by P.L. 86-723 (74 Stat. 833; 22 U.S.C. 936 and 937).

ASSIGNMENTS AND TRANSFERS

SEC. 542. The Secretary may assign an alien clerk or employee to a position at any post, and any such clerk or employee may be transferred from a position at one post to a position at another as the interests of the Service may require.

PART F—CONSULAR AGENTS

SEC. 551. The Secretary may appoint consular agents under such regulations as he may prescribe and, as soon as practicable, in accordance with the provisions of section 445.

PART G—ASSIGNMENT OF PERSONNEL BY THE WAR AND NAVY DEPARTMENTS

AS COURIERS AND INSPECTORS OF BUILDINGS

SEC. 561.[31] (Repealed by P.L. 1028, 84th Cong., 70A Stat. 675).

AS CUSTODIANS

SEC. 562.[31] (Repealed by P.L. 1028, 84th Cong., 70A Stat. 675).

PART H—ASSIGNMENT OF FOREIGN SERVICE PERSONNEL

ASSIGNMENTS TO ANY GOVERNMENT AGENCY OR INTERNATIONAL ORGANIZATION

SEC. 571.[32] (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years.

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[31] Sections 561 and 562 (22 U.S.C. 956 and 957) were repealed by P.L. 1028, 84th Cong., recodified into 10 U.S.C. 713 and 5983, respectively, and restated (70A Stat. 33 and 374) as follows:

"Sec. 713. State Department: assignment or detail as couriers and building inspectors

"(a) Upon the request of the Secretary of State, the Secretary of a military department may assign or detail members of the armed forces under his jurisdiction for duty—

"(1) as inspectors of buildings owned or occupied abroad by the United States;

"(2) as inspectors or supervisors of buildings under construction or repair abroad by or for the United States; and

"(3) as couriers of the Department of State.

"(b) The Secretary concerned may assign or detail a member for duty under subsection (a) with or without reimbursement from the Department of State. However, a member so assigned or detailed may be paid the traveling expenses authorized for officers of the Foreign Service of the United States. These expenses shall be paid from appropriations of the Department of State."

"Sec. 5983. State Department: assignment of enlisted members as custodians of buildings in foreign countries

"Upon the request of the Secretary of State, the Secretary of the Navy may assign enlisted members of the naval service to serve as custodians under the supervision of the principal officer at any embassy, legation, or consulate."

Under the National Security Act of 1947 (P.L. 253, 80th Cong., 61 Stat. 499; 5 U.S.C. 181–1), the Department of War was designated "Department of the Army," and the title of its Secretary became "Secretary of the Army". P.L. 1028, 84th Cong., defines the terms "military departments" and "Secretary concerned".

[32] Section 571(a) was amended and restated by P.L. 22, 84th Cong. (69 Stat. 24). It was further amended and restated by P.L. 86–723 (74 Stat. 833; 22 U.S.C. 961).

(b) [33] If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.

(c) [34] If the basic minimum salary of the position to which an officer or employee of the Service is assigned pursuant to the terms of this section is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. No officer or employee of the Service who, subsequent to the date of enactment of the Foreign Service Act Amendments of 1960, is assigned to, or who, after June 30, 1961, occupies a position in the Department that is designated as a Foreign Service Officer position, shall be entitled to receive a salary differential under the provisions of this paragraph.

(d) [35] The salary of an officer or employee assigned pursuant to the terms of this section shall be paid from appropriations made available for the payment of salaries of officers and employees of the Service. Such appropriations may be reimbursed, however, when the Secretary enters into reimbursement agreements for all or any part of the salaries of officers or employees assigned to such agencies and payment is received pursuant thereto, or when an officer or employee of the Service is assigned to a position the salary of which is payable from other funds available to the Department.

COMPULSORY SERVICE OF FOREIGN SERVICE OFFICERS IN THE CONTINENTAL UNITED STATES

SEC. 572. Every Foreign Service Officer shall, during his first fifteen years of service in such capacity, be assigned for duty in the continental United States in accordance with the provisions of section 571 for periods totaling not less than three years.

ASSIGNMENT FOR CONSULTATION OR INSTRUCTION

SEC. 573. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed to any Government agency for consultation or specific instruction either at the com-

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[33] As amended by P.L. 73, 81st Cong. (63 Stat. 111); further amended and restated by P.L. 86–723 (74 Stat. 833; 22 U.S.C. 961).

[34] Amended by section 502(h) of P.L. 85–477 (72 Stat. 273) and further amended and restated by P.L. 86–723 (74 Stat. 833; 22 U.S.C. 961).

[35] Added by P.L. 22, 84th Cong. (69 Stat. 24); amended and redesignated "(d)" by P.L. 86–723 (74 Stat. 834; 22 U.S.C. 961).

mencement, during the course of, or at the close of the period of his official service; and any such detail or assignment, if not more than four months in duration, shall not be considered as an assignment within the meaning of section 571.

(b) Any officer or employee of the Service may be assigned or detailed for special instruction or training at or with public or private nonprofit institutions; trade, labor, agricultural, or scientific associations; or commercial firms.

ASSIGNMENT TO TRADE, LABOR, AGRICULTURAL, SCIENTIFIC, OR OTHER CONFERENCES

SEC. 574. An officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty with domestic or international trade, labor, agricultural, scientific, or other conferences, congresses, or gatherings, including those whose place of meeting is in the continental United States; or for other special duties, including temporary details under commission not at his post or in the Department.

ASSIGNMENTS TO FOREIGN GOVERNMENTS

SEC. 575.[36] The Secretary may, in his discretion, assign or detail an officer or employee of the Service for temporary service to or in cooperation with the government of another country in accordance with the appropriate provisions of titles III and IX of Public Law 402, Eightieth Congress (62 Stat. 7 and 13; 22 U.S.C. 1451–1453, 1478 and 1479).

SEC. 576. (Repealed by P.L. 86–723 (74 Stat. 847)).

SEC. 577. (Repealed by P.L. 86–723 (74 Stat. 847)).

FOREIGN LANGUAGE KNOWLEDGE PREREQUISITE TO ASSIGNMENT

SEC. 578.[37] The Secretary shall designate every Foreign Service Officer position in a foreign country whose incumbent should have a useful knowledge of a language or dialect common to such country. After December 31, 1963, each position so designated shall be filled only by an incumbent having such knowledge: *Provided*, That the Secretary or Deputy Under Secretary for Administration may make exceptions to this requirement for individuals or when special or emergency conditions exist. The Secretary shall establish foreign language standards for assignment abroad of officers and employees of the Service, and shall arrange for appropriate language training of such officers and employees at the Foreign Service Institute or elsewhere.

TITLE VI—PERSONNEL ADMINISTRATION

PART A—DEFINITIONS

SEC. 601. For the purposes of this title—

(1) "Efficiency record" is the term which describes those materials considered by the Director General [38] to be pertinent to the preparation

[36] As amended by P.L. 86–723 (74 Stat. 834; 22 U.S.C. 965).
[37] As added by P.L. 86–723 (74 Stat. 834; 22 U.S.C. 901 et seq.).
[38] Amended by P.L. 73, 81st Cong. (63 Stat. 111; 22 U.S.C. 811a). See footnote 1.

of an evaluation of the performance of an officer or employee of the Service.

(2) "Efficiency report" is the term which designates the analysis of the performance of an officer or employee made by his supervising officer or by a Foreign Service inspector in accordance with such regulations as may be prescribed by the Secretary.

PART B—EFFICIENCY RECORDS

RESPONSIBILITY OF THE DIRECTOR GENERAL FOR THE KEEPING OF EFFICIENCY RECORDS

SEC. 611. The Director General,[38] acting under the general direction of the Board of the Foreign Service, shall be responsible for the keeping of accurate and impartial efficiency records. Under his direction there shall be assembled, recorded, and preserved all available information in regard to the character, ability, conduct, quality of work, industry, experience, dependability, and general usefulness of all officers and employees of the Service including the reports of Foreign Service inspectors and the efficiency reports of supervising officers. The Director General [38] shall undertake such statistical and other analyses as may be necessary to develop the validity and reliability of efficiency reporting forms and procedures.

TO WHOM RECORDS SHALL BE AVAILABLE

SEC. 612. The correspondence and records of the Department relating to the officers and employees of the Service, including efficiency records as defined in section 601(1) but not including records pertaining to the receipt, disbursement, and accounting for public funds, shall be confidential and subject to inspection only by the President, the Secretary, the Under Secretary, the Counselor of the Department, the legislative and appropriations committees of the Congress charged with considering legislation and appropriations for the Service or representatives duly authorized by such committees, the members of the Board of the Foreign Service, the Director General, and such officers and employees of the Government as may be assigned by the Secretary to work on such records. Under such regulations as the Secretary may prescribe and in the interest of efficient personnel administration, the whole or any portion of an efficiency record shall, upon written request, be divulged to the officer or employee to whom such record relates.

PART C—PROMOTION OF FOREIGN SERVICE OFFICERS AND FOREIGN SERVICE RESERVE OFFICERS

PROMOTION OF FOREIGN SERVICE OFFICERS BY SELECTION

SEC. 621. All promotions of Foreign Service officers shall be made by the President, in accordance with such regulations as he may prescribe, by appointment to a higher class, by and with the advice and consent of the Senate. Promotion shall be by selection on the basis of merit.

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[38] Amended by P.L. 73, 81st Cong. (63 Stat. 111; 22 U.S.C. 811a). See footnote 1.

ELIGIBILITY

SEC. 622.[39] The Secretary shall, by regulation, determine the minimum period Foreign Service officers must serve in each class and a standard for performance for each class which they must meet in order to become eligible for promotion to a higher class. In the event the Director General shall certify to the Board of the Foreign Service that a Foreign Service officer has rendered extraordinary meritorious service, the Board of the Foreign Service may recommend to the Secretary that such officer shall not be required to serve such minimum period in class as a prerequisite to promotion, and the Secretary may exempt such officer from such requirement.

RECOMMENDATIONS FOR PROMOTION

SEC. 623. The Secretary is authorized to establish with the advice of the Board of the Foreign Service, selection boards to evaluate the performance of Foreign Service officers, and upon the basis of their findings the Secretary shall make recommendations to the President for the promotion of Foreign Service officers. No person assigned to serve on any such board shall serve in such capacity for any two consecutive years.

PROMOTION OF FOREIGN SERVICE RESERVE OFFICERS

SEC. 624. Any Reserve officer may receive promotions from one class to a next higher class in accordance with regulations prescribed by the Secretary.

WITHIN-CLASS SALARY INCREASES OF FOREIGN SERVICE OFFICERS AND RESERVE OFFICERS

SEC. 625.[40] Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in a given class for a continuous period of nine months or more, shall, on the first day of each fiscal year, receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to any such officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service.

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[39] See that portion of section 16(d) of P.L. 828, 84th Cong. (70 Stat. 707), which reads as follows: "(d) Service in a former class shall be considered as constituting service in the new class for the purposes of determining (1) eligibility for promotion, in accordance with the provisions of section 622, and * * *." (Although this does not amend any specific section of the Act, it was included in Foreign Service Act Amendments of 1956 and is considered a part of the Foreign Service Act as amended.)

[40] See section 16(e) of P.L. 828, 84th Cong. (70 Stat. 707), whch reads as follows: "(e) Officers transferred in accordance with the provisions of this section shall receive credit for time served in a previous class toward in-class promotion in accordance with section 625." (Although this does not amend any specific section of the Act, it was included in the Foreign Service Act Amendments of 1956 and is considered a part of the Foreign Service Act as amended.) Amended and restated by P.L. 86-723 (74 Stat. 834; 22 U.S.C. 995).

RELATIONSHIP BETWEEN PROMOTIONS AND FUNCTIONAL AND GEOGRAPHIC AREA SPECIALIZATION

SEC. 626.[41] The achievement of the objectives of this Act requires increasing numbers of Foreign Service officers to acquire functional and geographic area specializations and to pursue such specializations for a substantial part of their careers. Such specialization shall not in any way inhibit or prejudice the orderly advancement through class 1 of any such officer in the Foreign Service.

PART D—SEPARATION OF OFFICERS AND EMPLOYEES FROM THE SERVICE

FOREIGN SERVICE OFFICERS WHO ARE CAREER AMBASSADORS OR CAREER MINISTERS

SEC. 631.[42] Any Foreign Service officer who is a career ambassador or a career minister, other than one occupying a position as chief of mission or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, shall upon reaching the age of sixty-five, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such an officer's service for a period not to exceed five years.

PARTICIPANTS IN THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM WHO ARE NOT CAREER AMBASSADORS OR CAREER MINISTERS [43]

SEC. 632.[43] Any participant in the Foreign Service Retirement and Disability System, other than one occupying a position as chief of mission or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, who is not a career ambassador or a career minister shall, upon reaching the age of sixty, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such participant's service for a period not to exceed five years.

SELECTION-OUT [44]

SEC. 633. (a) The Secretary shall prescribe regulations concerning—

(1) the maximum period during which any Foreign Service officer below the class of career minister shall be permitted to remain in class without promotion; and

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[41] Added by P.L. 86–723 (74 Stat. 834).

[42] As amended by P.L. 250, 84th Cong. (69 Stat. 536) and further amended and restated by P.L. 86–723 (74 Stat. 835; 22 U.S.C. 1001).

[43] As amended by P.L. 250, 84th Cong. (69 Stat. 536) and further amended and restated by P.L. 86–723 (74 Stat. 835; 22 U.S.C. 1002).

[44] As amended and restated by P.L. 22, 84th Cong. (69 Stat. 24; 22 U.S.C. 1003). See also that portion of section 16(d) of P.L. 828, 84th Cong., which reads as follows: "(d) Service in a former class shall be considered as constituting service in the new class for the purposes of determining * * * (2) liability for separation, in accordance with the provisions of section 633". (Although this does not amend any specific section of the Act, it was included in the Foreign Service Act Amendments of 1956 and is considered a part of the Foreign Service Act as amended.)

(2) the standard of performance which any such officer must maintain to remain in the Service.

(b) Any Foreign Service officer below the class of career minister who does not receive a promotion to a higher class within the specified period or who fails to meet the standard of performance required of officers of his class shall be retired from the Service and receive benefits in accordance with the provisions of section 634.

SELECTION-OUT BENEFITS [45]

SEC. 634.[45] Any Foreign Service officer in classes 1, 2, or 3 who is retired from the Service in accordance with the provisions of section 633 shall receive retirement benefits in accordance with the provisions of section 821.

(b)[46] Any Foreign Service officer in classes 4, 5, 6 or 7 who is retired from the Service in accordance with the provisions of section 633 shall receive—

(1) one-twelfth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary at his then current salary rate, payable without interest, from the Foreign Service Retirement and Disability Fund, in three equal installments on the 1st day of January following the officer's retirement and on the two anniversaries of this date immediately following: *Provided*, That in special cases, the Secretary may in his discretion accelerate or combine the installments; and

(2) a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a), except that in lieu of such refund such officer, if he has at least five years of service credit toward retirement under the Foreign Service Retirement and Disability System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a), may elect to receive retirement benefits on reaching the age of sixty in accordance with the provisions of section 821. In the event that an officer who was separated from class 4 or 5 and who has elected to receive retirement benefits dies before reaching the age of sixty, his death shall be considered a death in service within the meaning of section 832. In the event that an officer who was separated from class 6 or 7 and who has elected to receive retirement benefits dies before reaching the age of sixty, the total amount of his contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a), shall be paid in accordance with the provisions of section 841(b).

(c)[47] Notwithstanding the provisions of section 3477 of the Revised Statutes as amended (31 U.S.C. 203) or the provisions of any other law, a Foreign Service officer who is retired in accordance with the provisions of section 633 shall have the right to assign to any person or corporation the whole or any part of the benefits receivable by him pursuant to paragraph (b)(1) of this section. Any such assignment

[45] As amended and restated by P.L. 22, 84th Cong. (69 Stat. 24; 22 U.S.C. 1004).

[46] Amended and restated by P.L. 22, 84th Cong. (69 Stat. 24), further amended by P.L. 828, 84th Cong. (70 Stat. 704) and amended and restated by P.L. 86–723 (74 Stat. 835; 22 U.S.C. 1004).

[47] As amended and restated by P.L. 22, 84th Cong. (69 Stat. 24; 22 U.S.C. 1004(c)).

shall be on a form approved by the Secretary of the Treasury and a copy thereof shall be deposited with the Secretary of the Treasury by the officer executing the assignment.

FOREIGN SERVICE OFFICERS RETIRED FROM CLASS 7 OR 8

SEC. 635.[48] Any Foreign Service officer in class 7 who is appointed under the provisions of section 516(b) and any Foreign Service officer in class 8 shall occupy probationary status. The Secretary may terminate his service at any time.

VOLUNTARY RETIREMENT

SEC. 636.[49] Any participant in the Foreign Service Retirement and Disability System who is at least fifty years of age and has rendered twenty years of service, including service within the meaning of section 853, may on his own application and with the consent of the Secretary be retired from the Service and receive benefits in accordance with the provisions of section 821.

SEPARATION FOR CAUSE

SEC. 637.[50] (a) The Secretary may, under such regulations as he may prescribe, separate from the Service any Foreign Service officer, Reserve officer, or staff officer or employee, on account of the unsatisfactory performance of his duties, or for such other cause as will promote the efficiency of the Service, with reasons given in writing, but no such officer or employee shall be so separated until he shall have been granted a hearing by the Board of the Foreign Service and the unsatisfactory performance of his duties, or other cause for separation, shall have been established at such hearing, unless he shall have waived in writing his right to a hearing. The provisions of this section shall not apply to Foreign Service officers of class 8 or any other officer or employee of the Service who is in a probationary status or whose appointment is limited or temporary, except when separation is by reason of misconduct.

(b) Any participant in the Foreign Service Retirement and Disability System separated under the provisions of paragraph (a) of this section shall receive a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest, as provided in section 841(a) except that in lieu of such refund such officer may (except in cases where the Secretary determines that separation

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[48] As amended by P.L. 828, 84th Cong. (70 Stat. 704; 22 U.S.C. 1005). See also that portion of section 16(d) of P.L. 828, 84th Cong. which reads as follows: "(d) * * * Officers who are transferred to new class 7 in accordance with paragraph (b) of this section shall continue to occupy probationary status pursuant to section 635". (Although this does not amend any specific section of the Act, it was included in the Foreign Service Act Amendments of 1956 and is considered a part of the Foreign Service Act as amended.) Further amended and restated by P.L. 86–723 (74 Stat. 836; 22 U.S.C. 1005).

[49] As amended by P.L. 86–723 (74 Stat. 836; 22 U.S.C. 1006).

[50] Amended by P.L. 828, 84th Cong. (70 Stat. 704) and further amended and restated by P.L. 86–723 (74 Stat. 836; 22 U.S.C. 1007). See also section 55 of P.L. 86–723 which reads as follows: "SEC. 55. Notwithstanding any other provisions of law, any Foreign Service staff officer who accepted an appointment as a Foreign Service Reserve officer in the Department of State during the period beginning September 1, 1958, and ending December 31, 1958, both dates inclusive, shall not be separated from the Foreign Service before the expiration of his original appointment as a Foreign Service Reserve officer, except as authorized by section 637 of the Foreign Service Act of 1946, as amended." (Although this does not amend any specific section of the Act, it was included in the Foreign Service Act Amendments of 1960 and is considered a part of the Foreign Service Act of 1946, as amended.)

was based in whole or in part on the ground of disloyalty to the United States) if he has at least five years of service credit toward retirement under this System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a), elect to leave his contributions in the Fund and receive an annuity, computed as prescribed in section 821 commencing at the age of sixty years. In the event that an officer who has elected under the provisions of this section to receive a deferred annuity dies before reaching the age of sixty, his contributions to the Fund, with interest, shall be paid in accordance with the provisions of sections 841 and 881.

(c) Any officer or employee of the Service separated under the provisions of paragraph (a) of this section who is not a participant in the Foreign Service Retirement and Disability System shall be entitled only to such benefits as shall accrue to him under the retirement system in which he is participant.

(d) Any payments made in accordance with the provisions of paragraph (b) of this section shall be made out of the Foreign Service Retirement and Disability Fund.

TERMINATION OF LIMITED APPOINTMENTS OF FOREIGN SERVICE RESERVE OFFICERS AND STAFF OFFICERS AND EMPLOYEES

SEC. 638.[51] Notwithstanding the provisions of this or any other law, the Secretary may, under such regulations as he may prescribe, terminate at any time the services of any Reserve officer or staff officer or employee serving under limited appointment, except that, if the termination is because of misconduct, the provisions of section 637 shall be applicable.

PART E—PROMOTION OF FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

CLASS PROMOTIONS OF STAFF PERSONNEL

SEC. 641.[52] All promotions of staff officers and employees to a higher class shall be made at a higher salary on the basis of performance and merit in accordance with such regulations as the Secretary may prescribe.

WITHIN CLASS AND LONGEVITY SALARY INCREASES

SEC. 642.[53] (a) Under such regulations as the Secretary may prescribe, any staff officer or employee whose services meet the standards required for the efficient conduct of the work of the Service shall receive an increase in salary at periodic intervals to the next higher salary rate for the class in which he is serving. Without regard to any other law the Secretary is authorized to grant any such officer or employee additional increases in salary within the salary range established for the class in which he is serving, based upon specifically meritorious service.

(b) Under such regulations as the Secretary may prescribe, any staff officer or employee who has attained the maximum salary rate pre-

[51] As amended and restated by P.L. 86–723 (74 Stat. 837; 22 U.S.C. 1008).
[52] As amended and restated by P.L. 86–723 (74 Stat. 837; 22 U.S.C. 1016).
[53] As amended and restated by P.L. 86–723 (74 Stat. 837; 22 U.S.C. 1017).

scribed by section 415 for the class in which he is serving may be granted from time to time an additional salary increase beyond the maximum salary rate for his class in recognition of longevity of proficiency in the Service. Each salary increase shall be equal to the maximum salary rate increase of the applicable class and no person shall receive more than four such salary increases while serving in the same class.

[PART F—SEPARATION OF STAFF OFFICERS AND EMPLOYEES [54]

[FOR UNSATISFACTORY PERFORMANCE OF DUTY

[SEC. 651. The Secretary may, under such regulations as he may prescribe, separate from the Service any staff officer or employee on account of the unsatisfactory performance of his duties, but no such officer or employee shall be so separated from the Service until he shall have been granted a hearing by the Board of the Foreign Service and the unsatisfactory performance of his duties shall have been established at such hearing.

[FOR MISCONDUCT OR MALFEASANCE

[SEC. 652. The Secretary shall separate from the Service any staff officer or employee who shall be guilty of misconduct or malfeasance in office, but no such officer or employee shall be so separated from the Service until he shall have been granted a hearing by the Board of the Foreign Service and his misconduct or malfeasance shall have been established at such hearing.]

PART G—PROMOTION AND SEPARATION OF ALIEN CLERKS AND EMPLOYEES

PROMOTION

SEC. 661. Alien clerks and employees shall receive promotions from one class to a higher class and in-class promotions in accordance with regulations prescribed by the Secretary.

FOR UNSATISFACTORY PERFORMANCE OF DUTY

SEC. 662. The Secretary may, under such regulations as he may prescribe, separate from the Service any alien clerk or employee on account of the unsatisfactory performance of his duties.

SEPARATION FOR MISCONDUCT OR MALFEASANCE

SEC. 663. The Secretary shall separate from the Service any alien clerk or employee who shall be found guilty of misconduct or malfeasance.

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[54] See Section 637, as amended by P.L. 86–723 (74 Stat. 836; 22 U.S.C. 1007), which combined procedures for separation of staff personnel with those for separation of Foreign Service officers and Reserve officers. Through inadvertence sections 651 and 652 and the headings were not repealed.

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PART H—SEPARATION OF CONSULAR AGENTS

SEC. 671. The Secretary may, under such regulations as he may prescribe, separate any consular agent from the Service on account of—

(a) the unsatisfactory performance of his duties; or
(b) misconduct or malfeasance.

PART I—INSPECTION

SEC. 681. The Secretary shall assign or detail Foreign Service officers as Foreign Service inspectors to inspect in a substantially uniform manner and at least once every two years the work of the diplomatic and consular establishments of the United States. Whenever the Secretary has reason to believe that the business of a consulate is not being properly conducted and that it is necessary in the public interest, he may authorize any Foreign Service inspector to suspend the principal officer or any subordinate consular officer and to administer the office in the place of the principal officer for a period not exceeding ninety days. The Secretary may also authorize a Foreign Service inspector to suspend any diplomatic officer except a chief of mission. A Foreign Service inspector shall have the authority to suspend any other officer or employee of the Service.

TITLE VII—THE FOREIGN SERVICE INSTITUTE

ESTABLISHMENT OF THE INSTITUTE

SEC. 701.[55] The Secretary shall, in order to furnish training and instruction to officers and employees of the Service and of the Department and to other officers and employees of the Government for whom training and instruction in the field of foreign relations is necessary, and in order to promote and foster programs of study incidental to such training, establish a Foreign Service Institute, hereinafter called the Institute. The Secretary may also provide ~~to the extent that space is available therefor~~ appropriate orientation and language training to spouses of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees. Other agencies of the Government shall wherever practicable avoid duplicating the facilities of the Institute and the training provided by the Secretary at the Institute or elsewhere.

THE DIRECTOR OF THE INSTITUTE—APPOINTMENT, SALARY, AND DUTIES

SEC. 702. The head of the Institute, who shall be known as its Director, shall be appointed by the Secretary. The Director shall, under the general supervision of the Director General[56] and under such regulations as the Secretary may prescribe, establish the basic procedures to be followed by the Institute; plan and provide for the general nature of the training and instruction to be furnished at the Institute; correlate the training and instruction to be furnished at the Institute with the training activities of the Department and other Government

[55] As amended by P.L. 86–723 (74 Stat. 837; 22 U.S.C. 1041).
[56] Amended by P.L. 73, 81st Cong. (63 Stat. 111; 22 U.S.C. 811a). See footnote 1.

agencies and with courses given at private institutions that are designed or may serve to furnish training and instruction to officers and employees of the Service; encourage and foster such programs outside of the Institute as will be complementary to those of the Institute; and take such other action as may be required for the proper administration of the Institute.

AID TO NONPROFIT INSTITUTIONS

SEC. 703. The Secretary may, within the limits of such appropriations as may be made specifically therefor, make grants or furnish such other gratuitous assistance as he may deem necessary or advisable to nonprofit institutions cooperating with the Institute in any of the programs conducted by the Director by authority of this title.

APPOINTMENT, ASSIGNMENT, AND DETAIL TO THE INSTITUTE

SEC. 704.[57] (a) The Secretary may appoint to the faculty or staff of the Institute on a full- or part-time basis such personnel as he may deem necessary to carry out the provisions of this title in accordance with the provisions of the civil-service laws and regulations and the Classification Act of 1949, as amended, except that, when deemed necessary by the Secretary for the effective administration of this title, personnel may be appointed without regard to such laws and regulations, but any person so appointed shall receive a salary at one of the rates provided by the Classification Act of 1949, as amended. All appointments to the faculty or staff of the Institute shall be made without regard to political affiliations and shall be made solely on the basis of demonstrated interests in, and capacity to promote, the purposes of the Institute.

(b) The Secretary may, under such regulations as he may prescribe and on a full- or part-time basis, assign or detail officers and employees of the Service to serve on the faculty or staff of the Institute or to receive training at the Institute.

(c) The Secretary may, under such regulations as he may prescribe and on a full- or part-time basis, assign or detail any officer or employee of the Department, and, with the consent of the head of the Government agency concerned, any other officer or employee of the Government, to serve on the faculty or staff of the Institute, or to receive training. During the period of his assignment or detail, such officer or employee shall be considered as remaining in the position from which assigned.

(d) It shall be the duty of the Director to make recommendations to the Secretary with regard to the appointment, assignment, or detail of persons to serve on the faculty or staff of the Institute, and the Secretary shall in each case take such recommendations into consideration in making such appointments, assignments, or details.

(e)[58] The Secretary may, under such regulations as he may prescribe, in the absence of suitably qualified United States citizens, employ persons who are not citizens of the United States by appointment to the staff of the Institute either on a full- or part-time basis or by contract for services in the United States or abroad at rates not in

[57] Amended by P.L. 86–723 (74 Stat. 837; 22 U.S.C. 1044).
[58] Added by P.L. 86–723 (74 Stat. 837, 838; 22 U.S.C. 1044).

excess of those provided by the Classification Act of 1949, as amended (5 U.S.C. 1071).

(f)[58] The Secretary may, under such regulations as he may prescribe, provide special monetary or other incentives not inconsistent with this Act to encourage Foreign Service personnel to acquire or retain proficiency in esoteric foreign languages or special abilities needed in the Service.

INSTRUCTION AND EDUCATION AT OTHER LOCALITIES THAN THE INSTITUTE

SEC. 705. The Secretary may, under such regulations as he may prescribe, pay the tuition and other expenses, of officers and employees of the Service, assigned or detailed in accordance with the provisions of section 573(b) for special instruction or training at or with public or private nonprofit institutions, trade, labor, agricultural, or scientific associations, or commercial firms.

ENDOWMENTS AND GIFTS TO THE INSTITUTE

SEC. 706. The Secretary may accept, receive, hold, and administer gifts, bequests, or devises of money, securities, or property made for the benefit of, or in connection with, the Foreign Service Institute in accordance with part C of title X.

ACQUISITION OF REAL PROPERTY FOR THE INSTITUTE

SEC. 707. The Secretary may, in the name of the United States, acquire such real property as may be necessary for the operation and maintenance of the Institute and, without regard to section 3709 of the Revised Statutes, such other property and equipment as may be necessary for its operation and maintenance.

TITLE VIII—THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM[59]

PART A—ESTABLISHMENT OF SYSTEM

RULES AND REGULATIONS

SEC. 801. (a) The[60] President may prescribe rules and regulations for the maintenance of a Foreign Service Retirement and Disability System, originally established by section 18 of the Act of May 24, 1924 (43 Stat. 144), referred to hereafter as the System.

(b) The Secretary shall administer the System in accordance with such rules and regulations and with the principles established by this Act.

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[59] See P.L. 769, 83d Cong. (68 Stat. 1142; 5 U.S.C. 740c), concerning nonpayment of annuities in cases where employees are convicted of certain Federal offenses or commit certain actions. See also section 405 of P.L. 854, 84th Cong. (70 Stat. 761; 5 U.S.C. 740d), an amendment to P.L. 769, 83d Cong., concerning forfeiture of annuities of persons remaining outside United States to avoid prosecution.

[60] Authority to prescribe rules and regulations was delegated to the Secretary of State by E.O. 9941.

MAINTENANCE OF FUND

SEC. 802. The Secretary of the Treasury shall maintain the special fund, known as the Foreign Service Retirement and Disability Fund, referred to hereafter as the Fund, originally constituted by section 18 of the Act of May 24, 1924 (43 Stat. 144).

PARTICIPANTS

SEC. 803. (a) The following persons, hereafter referred to as participants, shall be entitled to the benefits of the System:

(1) All Foreign Service officers;

(2) All other persons making contributions to the Fund on the effective date of this Act;

(3) Any chief of mission who is not otherwise entitled to be a participant and who fulfills the conditions of paragraph (b) of this section;

(b) A person to become a participant in accordance with the provisions of paragraphs (a) (3) of this section must—

(1) have served as chief of mission for an aggregate period of twenty years or more, exclusive of extra service credit in accordance with the provisions of section 853; and

(2) [61] have paid into the Fund a special contribution for each year of such service in accordance with the provisions of section 852(b).

(c) (1)[62] In accordance with such regulations as the President may prescribe, any Foreign Service staff officer or employee appointed by the Secretary of State who has completed at least ten years of continuous service in the Department's Foreign Service, exclusive of military service, shall become a participant in the System and shall make a special contribution to the Fund in acordance with the provisions of section 852.

(2) Any such officer or employee who, under the provisions of paragraph (c) (1) of this section, becomes a participant in the System, shall be mandatorily retired for age during the first year after the effective date of this paragraph if he attains age sixty-four or if he is over age sixty-four; during the second year at age sixty-three; during the third year at age sixty-two; during the fourth year at age sixty-one, and thereafter at age sixty.

(3) Any officer or employee who becomes a participant in the System under the provisions of paragraph (c) (1) of this section who is age 57 or over on the effective date of this paragraph, may retire voluntarily at any time before mandatory retirement under paragraph (c) (2) of this section and receive retirement benefits under section 821.

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[61] Amended by P.L. 86–723 (74 Stat. 838; 22 U.S.C. 1063).
[62] Added by P.L. 86–723 (74 Stat. 838; 22 U.S.C. 1063).

NOTE: The text of sec. 56(b)(1) of P.L. 86–723 reads as follows: "The provisions of paragraph (c)(1) of section 803 of the Foreign Service Act of 1946, as amended by section 31(b) of this Act, shall become effective on the first day of the first month which begins more than one year after the date of enactment of this Act, except that any Foreign Service staff officer or employee, who at the time this Act becomes effective meets the requirements for participation in the Foreign Service Retirement and Disability System, may elect to become a participant in the System before the mandatory provisions become effective. Such Foreign Service staff officers and employees shall become participants effective on the first day of the second month following the date of their application for earlier participation."

ANNUITANTS

SEC. 804.[63] (a) Annuitants shall be persons who are receiving annuities from the Fund and all persons, including surviving wives and husbands, widows, dependent widowers, children and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this Act, as amended, or in acordance with the provisions of section 5 of the Act of May 1, 1956 (70 Stat. 125).

(b) When used in this title the term—

(1) "Widow" means the surviving wife of a participant who was married to such participant for at least two years immediately preceding his death or is the mother of issue by such marriage.

(2) "Dependent widower" means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by such marriage, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.

(3) "Child" means an unmarried child, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support. In addition to the offspring of the participant and his or her spouse the term includes (a) an adopted child, and (b) a step-child or recognized natural child who received more than one-half of his support from the participant.

PART B—COMPULSORY CONTRIBUTIONS

SEC. 811.[64] (a) Six and one-half per centum of the basic salary received by each participant shall be contributed to the Fund for the payment of annuities, cash benefits, refunds, and allowances. An equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary. The amounts deducted and withheld from basic salary together with the amounts so contributed from the appropriation or fund, shall be deposited by the Department of State in the Treasury of the United States to the credit of the Fund.

(b) Each participant shall be deemed to consent and agree to such deductions from basic salary, and payment less such deduction shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary.

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[63] Amended and restated by P.L. 86–723 (74 Stat. 838; 22 U.S.C. 1064).

[64] Amended by P.L. 250, 84th Cong. (69 Stat. 536) and further amended and restated by P.L. 86–723 (74 Stat. 839; 22 U.S.C. 1071).

PART C—COMPUTATION OF ANNUITIES

SEC. 821.[65] (a) The annuity of a participant shall be equal to 2 percentum of his average basic salary for the highest five consecutive years of service, for which full contributions have been made to the Fund, multiplied by the number of years, not exceeding thirty-five, of service credit obtained in accordance with the provisions of sections 851, 852, and 853. However, the highest five years of service for which full contributions have been made to the Fund shall be used in computing the annuity of any participant who serves as chief of mission and whose continuity of service as such is interrupted prior to retirement by appointment or assignment to any other position determined by the Secretary to be of comparable importance. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

(b) [66] At the time of retirement, any married participant may elect to receive a reduced annuity and to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death of such surviving wife or husband. The annuity payable to the surviving wife or husband after such participant's death shall be 50 per centum of the amount of the participant's annuity computed as prescribed in paragraph (a) of this section, up to the full amount of such annuity specified by him as the base for the survivor benefits. The annuity of the participant making such election shall be reduced by 2½ per centum of any amount up to $2,400 he specifies as the base for the survivor benefit plus 10 per centum of any amount over $2,400 so specified.

(c) (1)[67] If an annuitant dies and is survived by a wife or husband and by a child or children, in addition to the annuity payable to the surviving wife or husband, there shall be paid to or on behalf of each child an annuity equal to the smallest of: (i) 40 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) $600; or (iii) $1,800 divided by the number of children.

(2) In an annuitant dies and is not survived by a wife or husband but by a child or children, each surviving child shall be paid an an-

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[65] Amended by P.L. 250, 84th Cong. (69 Stat. 536), P.L. 828, 84th Cong. (70 Stat. 705), and amended and restated by P.L. 86–723 (74 Stat. 839; 22 U.S.C. 1076). P.L. 348, 82d Cong. (66 Stat. 81; 22 U.S.C. 1077 and 1078), increased the annuities of Foreign Service officers who retired before November 13, 1950, and the annuities of the beneficiaries of such officers. The act of May 1, 1956, P.L. 503, 84th Cong. (70 Stat. 125), increased the annuities of Foreign Service officers who retired prior to July 1, 1949, and of certain beneficiaries; and also authorized, in certain circumstances, grants to widows of Foreign Service officers. P.L. 85–882 of September 2, 1958, increased annuities and made provision for future increases to June 30, 1962. Further increases were authorized by P.L. 86–612, approved July 12, 1960.

[66] Amended by P.L. 828, 84th Cong. (70 Stat. 705) and further amended and restated by P.L. 86–723 (74 Stat. 839; 22 U.S.C. 1076).

[67] Amended and restated by P.L. 86–723 (74 Stat. 839; 22 U.S.C. 1076). Former section 821(c), as amended, is now section 821(f).

nuity equal to the smallest of: (i) 50 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) $720; or (iii) $2,160 divided by the number of children.

(d)[68] If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

(e)[68] The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the first day of the next month after the participant dies and such annuity or any right thereto shall be terminated upon death, marriage, or attainment of the age of eighteen years, except that, if a child is incapable of self-support by reasons of mental or physical disability, the annuity shall be terminated only when such child dies, marries, or recovers from such disability.

(f)[68] At the time of retirement an unmarried participant may elect to receive a reduced annuity and to provide for an annuity equal to 50 per centum of the reduced annuity payable after his or her death to a beneficiary whose name shall be designated in writing to the Secretary. The annuity payable to a participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring participant, but such total reduction shall not exceed 40 per centum. No such election of a reduced annuity payable to a beneficiary shall be valid until the participant shall have satisfactorily passed a physical examination as prescribed by the Secretary. The annuity payable to a beneficiary under the provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable.

Part D—Benefits Accruing to Certain Participants

RETIREMENT FOR DISABILITY OR INCAPACITY—PHYSICAL EXAMINATION—RECOVERY

Sec. 831.[69] (a) Any participant who has five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with provisions of section 851 or 852(a)(2), and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease, illness, or injury not due to vicious habits, intemperance, or willful misconduct on his part, shall, upon his own application or upon order of the Secretary, be retired on an annuity computed as prescribed in section 821. If the disabled or incapacitated participant has less than twenty years of service credit toward his retirement under the System at the time he is retired, his annuity shall be computed on the assumption that he has had twenty years of service, but the additional service credit that may

[68] Added by P.L. 86–723 (74 Stat. 840; 22 U.S.C. 1076).

[69] Amended and restated by P.L. 86–723 (74 Stat. 840, 841; 22 U.S.C. 1081). See paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 (26 U.S.C. 104(a)(4)) relating to the exclusion from gross income of compensation for injuries and sickness for reference to disability annuity payable under the provisions of section 831 of the Foreign Service Act (22 U.S.C. 1081).

accrue to a participant under this provision shall in no case exceed the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the Service.

(b) [69] In each case, the participant shall be given a physical examination by one or more duly qualified physicians or surgeons designated by the Secretary to conduct examinations, and disability shall be determined by the Secretary on the basis of the advice of such physicians or surgeons. Unless the disability is permanent, like examinations shall be made annually until the annuitant has reached the statutory mandatory retirement age for his class in the Service. If the Secretary determines, on the basis of the advice of one or more duly qualified physicians or surgeons conducting such examinations that an annuitant has recovered to the extent that he can return to duty, the annuitant may apply for reinstatement or reappointment in the Service within one year from the date his recovery is determined. Upon application the Secretary shall reinstate any such recovered disability annuitant in the class in which he was serving at time of retirement, or the Secretary may, taking into consideration the age, qualifications, and experience of such annuitant and the present class of his contemporaries in the Service, appoint him or in the case of an annuitant who is a former Foreign Service officer, recommend that the President appoint him, by and with the advice and consent of the Senate, to a class higher than the one in which he was serving prior to retirement. Payment of the annuity shall continue until a date six months after the date of the examination showing recovery or until the date of reinstatement or reappointment in the Service, whichever is earlier. Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the Fund. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satifactorily established.

(c) [69] If a recovered disability annuitant whose annuity is discontinued is for any reason not reinstated or reappointed in the Service, he shall be considered to have been separated within the meaning of section 834 as of the date he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefit of that section or of section 841(a) except that he may elect voluntary retirement in accordance with the provisions of section 636 if he can qualify under its provisions.

(d) [70] No participant shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision of the Act of September 7, 1916, as amended, shall be so construed as to deny the right of any person to receive an annuity

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[69] Amended and restated by P.L. 86–723 (74 Stat. 840, 841; 22 U.S.C. 1081). See paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 (26 U.S.C. 104(a)(4)) relating to the exclusion from gross income of compensation for injuries and sickness for reference to disability annuity payable under the provisions of section 831 of the Foreign Service Act (22 U.S.C. 1081).

[70] Added by P.L. 86–723 (74 Stat. 841; 22 U.S.C. 1081).

under this Act by reason of his own services and to receive concurrently any payment under such Act of September 7, 1916, as amended, by reason of the death of any other person.

(e)[70] Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to the Department of Labor the amount representing such computed payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such Fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

DEATH IN SERVICE

SEC. 832.[71] (a) In case a participant dies and no claim for annuity is payable under the provisions of this Act, his contributions to the Fund, with interest at the rates prescribed in sections 841(a) and 881(a), shall be paid in the order of precedence shown in section 841(b).

(b) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is survived by a widow or a dependent widower as defined in section 804, such widow or dependent widower shall be entitled to an annuity equal to 50 per centum of the annuity computed in accordance with the provisions of paragraph (e) of this section and of section 821(a). The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

(c) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is survived by a wife or a husband and a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 821(c)(1). The child's annuity shall begin and be terminated in accordance with the provisions of section

[70] Added by P.L. 86-723 (74 Stat. 841; 22 U.S.C. 1081).
[71] Amended and restated by P.L. 86-723 (74 Stat. 842; 22 U.S.C. 1082).

821(e). Upon the death of the surviving wife or husband or termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though such wife or husband or child had not survived the participant.

(d) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is not survived by a wife or husband, but by a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 821(c)(2). The child's annuity shall begin and terminate in accordance with the provisions of section 821(e). Upon termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though that child had never been entitled to the benefit.

(e) If, at the time of his or her death, the participant had less than twenty years of service credit toward retirement under the System, the annuities payable in accordance with paragraph (b) of this section shall be computed in accordance with the provisions of section 821 on the assumption he or she has had twenty years of service, but the additional service credit that may accrue to a deceased participant under this provision shall in no case exceed the difference between his or her age on the date of death and the mandatory retirement age applicable to his or her class in the Service. In all cases arising under paragraphs (b), (c), (d), or (e) of this section, it shall be assumed that the deceased participant was qualified for retirement on the date of his death.

RETIREMENT OF PERSONS WHO ARE PARTICIPANTS UNDER SECTION 803(A)(3)

SEC. 833. (a) Any person who is a participant, has at least twenty years of service to his credit, and has reached the age of fifty years, but is not a Foreign Service officer at the time he is retired in accordance with the provisions of law governing retirement in the position that he occupies, shall be entitled to an annuity computed as prescribed in section 821.

(b) Any person who is a participant in accordance with the provisions of section 803(a)(3) shall be entitled to voluntary retirement to the same extent and subject to the same conditions as a Foreign Service officer.

DISCONTINUED SERVICE RETIREMENT [72]

SEC. 834. (a) Any participant who voluntarily separates from the Service after obtaining at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), may, upon separation from the Service or at any time prior to becoming eligible for an annuity, elect to have his contributions to the Fund returned to him in accordance with the provisions of section 841, or to leave his contributions in the Fund and receive an annuity, computed as prescribed in section 821, commencing at the age of sixty years.

[72] Added by P.L. 86–723 (74 Stat. 843).

(b) If a participant who has qualified in accordance with the provisions of paragraph (a) of this section to receive a deferred annuity commencing at the age of sixty dies before reaching the age of sixty his contributions to the Fund, with interest, shall be paid in accordance with the provisions of sections 841 and 881.

PART E—DISPOSITION OF CONTRIBUTIONS AND INTEREST IN EXCESS OF BENEFITS RECEIVED

SEC. 841.[73] (a) Whenever a participant becomes separated from the Service without becoming eligible for an annuity or a deferred annuity in accordance with the provisions of this Act, the total amount of contributions from his salary with interest thereon at 4 per centum per annum, compounded annually at the end of each fiscal year through June 30, 1960; semiannually as of December 31, 1960; annually thereafter as of December 31, and proportionately for the period served during the year of separation including all contributions made during or for such period, except as provided in section 881, shall be returned to him.

(b) In the event that the total contributions of a retired participant, other than voluntary contributions made in accordance with the provisions of section 881, with interest at 4 per centum per annum compounded annually as is provided in paragraph (a) of this section added thereto, exceed the total amount returned to such participant or to an annuitant claiming through him, in the form of annuities, accumulated at the same rate of interest up to the date the annuity payments cease under the terms of the annuity, the excess of the accumulated contributions over the accumulated annuity payments shall be paid in the following order of precedence, upon the establishment of a valid claim therefor, and such payment shall be a bar to recovery by any other person:

(1) To the beneficiary or beneficiaries designated by the retired participant in writing to the Secretary;

(2) If there be no such beneficiary, to the surviving wife or husband of such participant;

(3) If none of the above, to the child or children of such participant and descendants of deceased children by representation;

(4) If none of the above, to the parents of such participant or the survivor of them;

(5) If none of the above, to the duly appointed executor or administrator of the estate of such participant;

(6) If none of the above, to other next of kin of such participant as may be determined by the Secretary in his judgment to be legally entitled thereto.

(c) No payment shall be made pursuant to paragraph (b) (6) of this section until after the expiration of thirty days from the death of the retired participant or his surviving annuitant.

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[73] Amended and restated by P.L. 86–723 (74 Stat. 843; 22 U.S.C. 1086).

PART F—PERIOD FOR SERVICE FOR ANNUITIES

COMPUTATION OF LENGTH OF SERVICE

SEC. 851.[74] For the purposes of this title, the period of service of a participant shall be computed from the effective date of appointment as a Foreign Service officer, or, if appointed prior to July 1, 1924, as an officer or employee of the Diplomatic or Consular Service of the United States or from the date he becomes a participant under the provisions of this Act, as amended, but all periods of separation from the Service and so much of any leaves of absence without pay as may exceed six months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended, and leaves of absence granted participants while performing active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.

PRIOR SERVICE CREDIT

SEC. 852.[75] (a) A participant may, subject to the provisions of this section, include in his period of service—

(1) civilian service in the executive, judicial, and legislative branches of the Federal Government and in the District of Columbia government, prior to becoming a patricipant; and

(2) active and honorable military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States.

(b) A person may obtain prior civilian service credit in accordance with the provisions of paragraph (a)(1) of this section by making a special contribution to the Fund equal to 5 per centum of his basic annual salary for each year of service for which credit is sought subsequent to July 1, 1924, and prior to the effective date of the Foreign Service Act Amendments of 1960, and at 6½ per centum thereafter with interest compounded annually at 4 per centum per annum to the date of payment. Any such person may, under such conditions as may be determined in each instance by the Secretary, pay such special contributions in installments.

(c)(1) If an officer or employee under some other Government retirement system, becomes a participant in the System by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be

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[74] Amended and restated by P.L. 86–723 (74 Stat. 844; 22 U.S.C. 1091).

[75] Amended by P.L. 22, 84th Cong. (69 Stat. 24); further amended, restated, and new paragraphs (d) and (e) added by P.L. 86–723 (74 Stat. 844, 845; 22 U.S.C. 1091).

NOTE: Section 8(c) of P.L. 22, 84th Cong. (69 Stat. 26) provides that—

"(c) A special contribution to the Foreign Service Retirement and Disability Fund made by any participant on or after April 1, 1948, for the purpose of obtaining service credit in accordance with the provisions of section 852(a)(2) of the Foreign Service Act of 1946 for periods of active military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States shall be refunded. Such refund shall not include any interest covering the period such special contribution, or any part thereof, was on deposit in the fund."

transferred to the Fund effective as of the date such officer or employee becomes a participant in the System. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the System.

(2) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall be required to make contributions in addition to those transferred, for periods of service for which full contributions were made to the other Government retirement fund, nor shall any refund be made to any such officer or employee on account of contributions made during any period to the other Government retirement fund, at a higher rate than that fixed by section 811 of this Act for contributions to the Fund.

(3) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall receive credit for periods of service subsequent to July 1, 1924, for which a refund of contributions has been made, or for which no contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the Fund in accordance with the provisions of paragraph (b) of this section.

(d) No participant may obtain prior civilian service credit toward retirement under the System for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity under another retirement system covering civilian personnel of the Government.

(e) A participant may obtain prior military or naval service credit in accordance with the provisions of paragraph (a)(2) of this section by applying for it to the Secretary prior to retirement or separation from the Service. However, in the case of a participant who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of a participant who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in line of duty during a period of war (as that term is used in chapter 11 of title 38, United States Code), or is awarded under chapter 67 of title 10 of the United States Code, the period of such military or naval service shall be included. No contributions to the Fund shall be required in connection with military or naval service credited to a participant in accordance with the provisions of paragraph (a)(2) of this section.

EXTRA SERVICE CREDIT FOR SERVICE AT UNHEALTHFUL POSTS

SEC. 853.[76] The President may from time to time establish a list of places which by reason of climatic or other extreme conditions are to be classed as unhealthful posts, and each year of duty subsequent to January 1, 1900, at such posts inclusive of regular leaves of absence, of

[76] As amended by P.L. 22, 84th Cong. (69 Stat. 24; 22 U.S.C. 1093).

participants thereafter retired, shall be counted as one year and a half, and so on in like proportion in reckoning the length of service for the purpose of retirement, fractional months being considered as full months in computing such service, but no such extra credit for service at such unhealthful posts shall be credited to any participant who shall have been paid a salary differential in accordance with section 443, as amended, for such service performed subsequent to the date of enactment of the Foreign Service Act Amendments of 1955.

CREDIT FOR SERVICE WHILE ON MILITARY LEAVE

SEC. 854. Contributions shall not be required covering periods of leave of absence from the Service granted a participant while performing active military or naval service in the Army, Navy, Marine Corps, or Coast Guard of the United States.

RECOMPUTATION OF ANNUITIES OF CERTAIN FORMER PARTICIPANTS [77]

SEC. 855. The annuity of each former participant under the System, who retired prior to July 28, 1956, and who at the time of his retirement had creditable service in excess of thirty years, shall be recomputed on the basis of actual years of creditable service not in excess of thirty-five years. Service which was not creditable under the System on the date a former participant retired, shall not be included as creditable service for the purpose of this recomputation. The annuities payable to such persons shall, when recomputed, be paid at the rates so determined, but no such recomputation or any other action taken pursuant to this section shall operate to reduce the rate of the annuity any such person is entitled to receive under the System.

PART G—MONEYS

ESTIMATE OF APPROPRIATIONS NEEDED

SEC. 861. The Secretary of the Treasury shall prepare the estimates of the annual appropriations required to be made to the Fund, and shall make actuarial valuations of such funds at intervals of five years, or oftener if deemed necessary by him. The Secretary of State may expend from money to the credit of the Fund an amount not exceeding $5,000 per annum for the incidental expenses necessary in administering the provisions of this title, including actuarial advice.

ANNUAL REPORT TO CONGRESS

SEC. 862. The Secretary shall submit annually to the President and to the Congress a comparative report showing the condition of the Fund and estimates of appropriations necessary to continue this title in full force.

INVESTMENT OF MONEYS IN THE FUND

SEC. 863. The Secretary of the Treasury shall invest from time to time in interest-bearing securities of the United States such portions of the Fund as in his judgment may not be immediately required for

[77] Added by P.L. 86-723 (74 Stat. 845).

the payment of annuities, cash benefits, refunds, and allowances, and the income derived from such investments shall constitute a part of such Fund.

ATTACHMENT OF MONEYS

SEC. 864. None of the moneys mentioned in this title shall be assignable either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 634(c).[78]

PART H—ANNUITANTS RECALLED, REINSTATED OR REAPPOINTED IN THE SERVICE OR REEMPLOYMENT IN THE GOVERNMENT

RECALL

SEC. 871.[79] Any annuitant recalled to duty in the Service in accordance with the provisions of section 520(b) or reinstated or reappointed in accordance with the provisions of section 831(b) shall, while so serving, be entitled in lieu of his annuity to the full salary of the class in which he is serving. During such service, he shall make contributions to the Fund in accordance with the provisions of section 811. When he reverts to his retired status, his annuity shall be determined anew in accordance with the provisions of section 821.

REEMPLOYMENT

SEC. 872.[80] (a) Notwithstanding any other provision of law, any officer or employee of the Service, who has retired under this Act, as amended, and is receiving an annuity pursuant thereto, and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis, shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act, as amended, which when combined with such salary does not exceed during any calendar year the basic salary such officer or employee was entitled to receive under sections 412 or 415 of the Act, as amended, on the date of his retirement from the Service. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder.

(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto and shall cause to be paid, by transfer or otherwise, to the Department of State funds necessary to cover gross salary, employer contributions, and gross lump sum leave payment relating to the reemployment of the reemployed officer or employee. The Department

[78] "634(b)" was changed to "634(c)" by P.L. 22, 84th Cong. (69 Stat. 24; 22 U.S.C. 1104).

[79] As amended by P.L. 828, 84th Cong. (70 Stat. 705) and further amended and restated by P.L. 86–723 (74 Stat. 845; 22 U.S.C. 1111).

[80] Added by P.L. 86–723 (74 Stat. 846).

of State shall make to and on behalf of the reemployed officer or employee payments to which he is entitled under the provisions of paragraph (a) of this section, and shall make those withholdings and deductions authorized and required by law.

(c) In the event of any overpayment under this section the Secretary of State is authorized to withhold the amount of such overpayment from the salary payable to such reemployed officer or employee or from his annuity.

PART I—VOLUNTARY CONTRIBUTIONS

SEC. 881. (a) Any participant may, at his option and under such regulations as may be prescribed by the President, deposit additional sums in multiples of 1 per centum of his basic salary, but not in excess of 10 per centum of such salary, which amounts together with interest at 3 per centum per annum, compounded annually at the end of each fiscal year through June 30, 1960; semiannually as of December 31, 1960; annually thereafter as of December 31, and proportionately for the period served during the year of his retirement, including all contributions made during or for such period, shall, at the date of his retirement and at his election, be—

(1) returned to him in lump sum; or

(2) used to purchase an additional life annuity; or

(3) used to purchase an additional life annuity for himself and to provide for a cash payment on his death to a beneficiary whose name shall be notified in writing to the Secretary by the participant; or

(4) used to purchase an additional life annuity for himself and a life annuity commencing on his death payable to a beneficiary whose name shall be notified in writing to the Secretary by the participant with a guaranteed return to the beneficiary or his legal representative of an amount equal to the cash payment referred to in paragraph 3.

(b) The benefits provided by subparagraphs 2, 3, or 4 of paragraph (a) of this section shall be actuarially equivalent in value to the payment provided for by paragraph (a)(1) of this section and shall be calculated upon such tables of mortality as may be from time to time prescribed for this purpose by the Secretary of the Treasury.

(c)[81] In case a participant shall become separated from the Service for any reason except retirement on an annuity, the amount of any additional deposits with interest at 3 per centum per annum, compounded as is provided in paragraph (a) of this section, made by him under the provisions of this paragraph shall be refunded in the manner provided in section 841 for the return of contributions and interest in the case of death or separation from the Service.

(d) Any benefits payable to an officer or to his beneficiary in respect to the additional deposits provided under this paragraph shall be in addition to the benefits otherwise provided under this title.

[81] As amended by P.L. 86–723 (74 Stat. 846; 22 U.S.C. 1116).

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TITLE IX—ALLOWANCES AND BENEFITS

PART A—ALLOWANCES AND SPECIAL ALLOTMENTS

REPRESENTATION ALLOWANCES [82]

SEC. 901.[82] In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U.S.C. 70), the Secretary is authorized to grant to any officer or employee of the Service who is a citizen of the United States allowances in order to provide for the proper representation of the United States by officers or employees of the Service.

PART B—TRAVEL AND RELATED EXPENSES

GENERAL PROVISIONS

SEC. 911. The Secretary may, under such regulations as he shall prescribe, pay—

(1) the travel expenses of officers and employees of the Service, including expenses incurred while traveling pursuant to orders issued by the Secretary in accordance with the provisions of section 933 with regard to the granting of home leave;

(2) the travel expenses of the members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(3) the cost of transporting the furniture and household and personal effects of an officer or employee of the Service to his successive posts of duty and, on the termination of his services, to the place where he will reside;

(4)[83] the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service, when he is absent from his post of assignment under orders, or when he is assigned to a post to which he cannot take or at which he is unable to use such furniture and household and personal effects, or when it is in the public interest or more economical to authorize storage; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law;

(5)[83] the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service in connection with assignment or transfer to a new post, from the date of his departure from his last post or from the date of his departure from his place of residence in the case of a new officer

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[82] As amended and restated by P.L. 86–707 (74 Stat. 801; 22 U.S.C. 1131). For provisions relating to other allowances, formerly in sec. 901 of the Foreign Service Act, see Title II of P.L. 86–707; and for provisions relating to official residence allotments formerly in sec. 902 see sec. 311 of P.L. 86–707 which added a new section 22 to the Administrative Expense Act of 1946.

[83] As amended and restated by the Overseas Differentials and Allowances Act, P.L. 86–707 (74 Stat. 792). The term "furniture and household effects" is defined in section 301(d) of said Act.

or employee and for not to exceed three months after arrival at the new post, or until the establishment of residence quarters, whichever shall be shorter; and, in connection with separation of an officer or employee of the Service, the cost of packing and unpacking, transporting to and from a place of storage, and storing for a period not to exceed three months, his furniture and household and personal effects; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law.

(6) the travel expenses of the members of the family and the cost of transporting the personal effects and automobile of an officer or employee of the Service, whenever the travel of such officer or employee is occasioned by changes in the seat of the government whose capital is his post;

(7) the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Service and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned;

(8) the cost of preparing and transporting to their former homes in the continental United States or to a place not more distant, the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die abroad or while in travel status;

(9)[84] (Repealed by P.L. 86–707).

LOAN OF HOUSEHOLD FURNISHINGS AND EQUIPMENT

SEC. 912.[85] The Secretary may, if he shall find it in the interests of the Government to do so as a means of eliminating transportation costs, provide officers and employees of the Service with basic household furnishings and equipment for use on a loan basis in personally owned or leased residences.

TRANSPORTATION OF MOTOR VEHICLES [86]

SEC. 913.[86] The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Service, a privately owned motor vehicle in any case in which he shall determine that water, rail, or air transportation of the motor vehicle is necessary or expedient for all or any part of the distance between points of origin and destination. Not more than one motor vehicle of any such officer or employee may be transported under authority of this section during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of

[84] See Title II of P.L. 86–707 (74 Stat. 794) for provisions formerly in sec. 911(9).
[85] As amended by P.L. 86–723 (74 Stat. 846; 22 U.S.C. 1137).
[86] Identical amendments made by P.L. 86–707 (74 Stat. 798) and P.L. 86–723 (74 Stat. 847; 22 U.S.C. 1138).

any such officer or employee may be so transported during such period upon approval, in advance, by the Secretary and upon a determination, in advance, by the Secretary that such replacement is necessary for reasons beyond the control of the officer or employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this section of a privately owned motor vehicle of any officer or employee who has remained in continuous service outside the continental United States (excluding Alaska and Hawaii) during such period, the transportation of a replacement for such motor vehicle for such officer or employee may be authorized by the Secretary in accordance with this section.

Part C—Commissary Service

Sec. 921.[87] (a) The Secretary may, under such regulations as he may prescribe, establish and maintain emergency commissary or mess services, in such places abroad where, in his judgment, such services are necessary temporarily to insure the effective and efficient performance of the duties and responsibilities of the Service, such services to be available to the officers and employees of all Government agencies located in any such places abroad. Reimbursements incident to the maintenance and operation of commissary or mess service shall be at not less than cost as determined by the Secretary and shall be used as working funds: *Provided*, That an amount equal to the amount expended for such services shall be covered into the Treasury as miscellaneous receipts.

(b) [88] The Secretary, under such regulations as he may prescribe, may authorize and assist in the establishment, maintenance, and operation, by officers and employees of the Service, of non-Government-operated commissary and mess services and recreation facilities at posts abroad, including the furnishing of space, utilities, and properties owned or leased by the United States for use by its diplomatic and consular missions. The provisions of the Foreign Service Buildings Act, 1926, as amended (22 U.S.C. 292–300), may be utilized by the Secretary in providing such assistance. Commissary or mess services and recreation facilities established pursuant to this subsection shall be made available, insofar as practicable, to officers and employees of other Government agencies and their dependents who are stationed abroad. Such service or facilities shall not be established in localities where another United States agency operates similar services or facilities unless the Secretary determines that such additional services or facilities are necessary.

(c) [88] Notwithstanding the last paragraph under the heading "Subsistence Department" in the Act of March 3, 1911 (10 U.S.C. 1253), or the provisions of any other law, charges at any post abroad by a commissary or mess service or recreation facility authorized or assisted under this section shall be at the same rate for all civilian personnel of the Government serviced thereby, and all charges for supplies furnished to such a service or facility abroad by any Government agency shall be at the same rate as that charged by the furnishing agency to its civilian commissary or mess services or recreation facilities.

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[87] As amended by P.L. 828, 84th Cong. (70 Stat. 705; 22 U.S.C. 1139).
[88] As amended by P.L. 828, 84th Cong. (70 Stat. 705; 22 U.S.C. 1139).

(d)[88] Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government-owned vehicles located at his post for transportation of United States Government employees who are American citizens, and their dependents, to and from recreation facilities when public transportation is unsafe or is not available.

PART D—LEAVES OF ABSENCE[89]

ANNUAL LEAVE

SEC. 931. [Repealed by P.L. 233, 82d Cong. (65 Stat. 672; 5 U.S.C. 2061 et seq.).]

SEC. 932. [Repealed by P.L. 233, 82d Cong. (65 Stat. 672; 5 U.S.C. 2061 et seq.).]

ORDERING RETURN OF PERSONNEL TO UNITED STATES ON LEAVES OF ABSENCE

SEC. 933.[90] (a) The Secretary shall order to the continental United States, its Territories and possessions, on statutory leave of absence every officer and employee of the Service who is a citizen of the United States upon completion of two years' continuous service abroad or as soon as possible thereafter.

(b) While in the continental United States, its Territories and possessions, on leave, the service of any officer or employee shall be available for such work or duties in the Department or elsewhere as the Secretary may prescribe, but the time of such work or duties shall not be counted as leave.

RESERVE OFFICERS ASSIGNED TO THE SERVICE

SEC. 934.[91] (a) A Reserve officer, assigned to the Service from any Government agency shall, notwithstanding the provisions of any other law, be granted annual leave of absence and sick leave of absence in accordance with the provisions of part D of this title during the period of his assignment.

(b) Under such regulations as the President may prescribe, a person assigned to the Service as a Reserve officer from any Government agency may, notwithstanding the provisions of the Act of December 21, 1944 (58 Stat 845; 5 U.S.C. 61b), transfer to the Service any annual or sick leave of absence standing to his credit at the time of his assignment to the Service. On his return to the agency by which he is regularly employed, he may transfer the aggregate of his accumulated and current annual and sick leave to that agency but the amount of leave so transferred shall not exceed the maximum which an officer or employee of the agency to which he is returning may have to his credit on the date of his return.

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[88] As amended by P.L. 828, 84th Cong. (70 Stat. 705; 22 U.S.C. 1139).

[89] Foreign Service officers and employees are governed by the provisions of the Annual and Sick Leave Act of 1951, as amended (P.L. 233, 82d Cong.; 65 Stat. 672; 67 Stat. 136; 5 U.S.C. 2062 et seq.).

[90] As amended by P.L. 726, 84th Cong. (70 Stat. 563; 22 U.S.C. 1148), to add in line 2 the words "its Territories and possessions".

[91] Superseded by the Annual and Sick Leave Act of 1951, as amended, P.L. 233, 82d Cong. (65 Stat. 672; 5 U.S.C. 2061 et seq.).

TRANSFER OF LEAVE OF ABSENCE

SEC. 935.[91] Under such regulations as the President may prescribe an officer or employee of the Service who resigns from the Service in order to accept an appointment in any Government agency may transfer to such Government agency any annual or sick leave of absence standing to his credit at the time of his resignation from the Service and any officer or employe of any Government agency who resigns from such agency in order to accept an appointment to the Service may transfer to the Service any annual or sick leave of absence standing to his credit at the time of his resignation from the Government agency in which he was employed, but in no event shall the amount of annual or sick leave of absence so transferred exceed the maximum amount of the annual or sick leave of absence which may be accumulated in either the Service or the Government agency to which such person is appointed, as the case may be.

APPLICATION OF ANNUAL AND SICK LEAVE ACT OF 1951

SEC. 936.[92] The Annual and Sick Leave Act of 1951, as amended (5 U.S.C. 2061 and the following), shall apply to career ministers and Foreign Service officers, who are not serving as chiefs of mission or who are not serving in a position in the Department which requires appointment by the President, by and with the advice and consent of the Senate, and to Foreign Service Reserve officers who are commissioned as diplomatic or consular officers, or both, in accordance with section 524 of the Foreign Service Act of 1946, as amended, notwithstanding the provisions of section 202(c)(1)(A) of the Annual and Sick Leave Act of 1951, as amended.

PART E—MEDICAL SERVICES

EXPENSES OF TREATMENT

SEC. 941.[93] (a) In the event an officer or employee of the Service who is a citizen of the United States incurs an illness or injury while such person is located abroad, which requires hospitalization or similar treatment, and which is not the result of vicious habits, intemperance, or misconduct on his part, the Secretary may, in accordance with such regulations as he may prescribe, pay for the cost of treatment of such illness or injury.

(b) In the event a dependent of a United States citizen officer or employee of the Service who is stationed abroad, incurs an illness or injury while such dependent is located abroad, which requires hospitalization or similar treatment, and which is not the result of vicious habits, intemperance, or misconduct on his part, the Secretary may, in accordance with such regulations as he may prescribe, pay for that portion of the cost of treatment of each such illness or injury that exceeds $35 up to a maximum limitation of one hundred and twenty

[91] Superseded by the Annual and Sick Leave Act of 1951, as amended, P.L. 233, 82d Cong. (65 Stat. 672; 5 U.S.C. 2061 et seq.).
[92] Added by P.L. 828, 84th Cong. (70 Stat. 708).
[93] As amended and restated by P.L. 828, 84th Cong. (70 Stat. 706; 22 U.S.C. 1156 and 1157).

days of treatment for each such illness or injury, except that such maximum limitation shall not apply whenever the Secretary, on the basis of professional medical advice, shall determine that such illness or injury clearly is caused by the fact that such dependent is or has been located abroad.

(c) After sufficient experience in the operation of the medical protection plan authorized in subsections (a) and (b) of this section has been obtained, as determined by the Secretary, and if he considers that the benefits so authorized can be provided for as well and as cheaply in other ways, the Secretary may, under such regulations, and for such persons, locations, and conditions as he may deem appropriate, and within the limits prescribed in such subsections, contract for medical care pursuant to such arrangements, insurance, medical services, or health plans as he may deem appropriate.

TRANSPORTATION TO APPROVED HOSPITALS

SEC. 942.[93] (a) In the event an officer or employee of the Service who is a citizen of the United States or his dependents incurs an illness or injury requiring hospitalization, not the result of vicious habits, intemperance, or misconduct, while stationed abroad in a locality where there does not exist a suitable hospital or clinic, 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 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 a suitable hospital or clinic exists, and on his recovery pay for the travel expenses of his return from such hospital or clinic. If any such officer, employee, or dependent is too ill to travel unattended, the Secretary may also pay the round-trip travel expenses of an attendant or attendants.

(b)[94] The Secretary may establish a first-aid station and provide for the services of a physician, a nurse, or other medical personnel at a post at which, in his opinion, sufficient personnel is employed to warrant such a station.

PHYSICAL EXAMINATION AND COSTS OF INOCULATIONS

SEC. 943.[95] The Secretary shall, under such regulations as he may prescribe, provide for physical examinations for applicants for employment and for officers and employees of the Service who are citizens of the United States, and for their dependents, including examinations necessary to establish disability or incapacity in accordance with the provisions of section 831, and shall provide for administering inoculations or vaccinations to such officers and employees and their dependents.

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[93] As amended and restated by P.L. 828, 84th Cong. (70 Stat. 706; 32 U.S.C. 1156 and 1157).

[94] As amended by P.L. 828, 84th Cong. (70 Stat. 706; 22 U.S.C. 1157).

[95] As amended by P.L. 22, 84th Cong. (69 Stat. 24), and further amended and restated by P.L. 828, 84th Cong. (70 Stat. 707; 22 U.S.C. 1158).

TITLE X—MISCELLANEOUS

PART A—PROHIBITIONS

AGAINST UNIFORMS

SEC. 1001. An officer or employee of the Service holding a position of responsibility in the Service shall not wear any uniform except such as may be authorized by law or such as a military commander may require civilians to wear in a theater of military operations.

AGAINST ACCEPTING PRESENTS

SEC. 1002. An officer or employee of the Service shall not ask or, without the consent of the Congress, receive, for himself or any other person, any present, emolument, pecuniary favor, office, or title from any foreign government. A chief of mission or other principal officer may, however, under such regulations as the President may prescribe, accept gifts made to the United States, or to any political subdivision thereof by the government to which he is accredited or from which he holds an exequatur.

AGAINST ENGAGING IN BUSINESS ABROAD

SEC. 1003. An officer or employee of the Service shall not, while holding office, transact or be interested in any business or engage for profit in any profession in the country or countries to which he is assigned abroad in his own name or in the name or through the agency of any other person, except as authorized by the Secretary.

AGAINST CORRESPONDENCE ON AFFAIRS OF FOREIGN GOVERNMENTS

SEC. 1004. (a) An officer or employee of the Service shall not correspond in regard to the public affairs of any foreign government except with the proper officers of the United States, except as authorized by the Secretary.

(b) An officer or employee of the Service shall not recommend any person for employment in any position of trust or profit under the government of the country to which he is detailed or assigned, except as authorized by the Secretary.

AGAINST POLITICAL, RACIAL, RELIGIOUS, OR COLOR DISCRIMINATION

SEC. 1005. In carrying out the provisions of this Act, no political test shall be required and none shall be taken into consideration, nor shall there be any discrimination against any person on account of race, creed, or color.

PART B—BONDS

SEC. 1011.[96] Every secretary, consul general, consul, vice consul, Foreign Service officer, and Foreign Service Reserve officer, and, if required, any other officer or employee of the Service or of the Department before he enters upon the duties of his office shall give to the

[96] See P.L. 323, 84th Cong. (69 Stat. 618; 6 U.S.C. 14), which provides for the purchase of bonds by the Federal Government.

United States a bond in such form and in such penal sum as the Secretary shall prescribe, with such sureties as the Secretary shall approve, conditioned without division of penalty for the true and faithful performance of his duties, including (but not by way of limitation) certifying vouchers for payment, accounting for, paying over, and delivering up of all fees, moneys, goods, effects, books, records, papers, and other property that shall come to his hands of any other person to his use as such officer or employee under any law now or hereafter enacted and for the true and faithful performance of all other duties now or hereafter lawfully imposed upon him as such officer or employee, and such bond shall be construed to be conditioned for the true and faithful performance of all official duties of whatever character now or hereafter lawfully imposed upon him, or by him assumed incident to his employment as an officer or employee of the Government. Notwithstanding any other provisions of law, upon approval of any bond given pursuant to this Act, the principal shall not be required to give another separate bond conditioned for the true and faithful performance of only a part of the duties for which the bond given pursuant to this Act is conditioned. The bond of an officer or employee of the Service shall be construed to be conditioned for the true and faithful performance of all acts of such officer incident to his office regardless of whether appointed or commissioned as diplomatic, consular, Foreign Service officer, or other officer of the Service. The bonds herein mentioned shall be deposited with the Secretary of the Treasury. Nothing herein contained shall be deemed to obviate the necessity of furnishing any bond which may be required pursuant to the provisions of the Subsistence Expense Act of 1926, as amended (44 Stat. 688; 47 Stat. 405; 56 Stat. 39; 5 U.S.C. 821–823, 827–833).

Part C—Gifts

Sec. 1021.[97] (a) The Secretary may accept on behalf of the United States gifts made unconditionally by will or otherwise for the benefit of the Department including the Service or for the carrying out of any of its functions. Conditional gifts may be so accepted at the discretion of the Secretary, and the principal of and income from any such conditional gift shall be held, invested, reinvested, and used in accordance with its conditions, but no gift shall be accepted which is conditioned upon any expenditure not to be met therefrom or from the income thereof unless such expenditure has been approved by Act of Congress.

(b) Any unconditional gift of money accepted pursuant to the authority granted in paragraph (a) of this section, the net proceeds from the liquidation (pursuant to paragraph (c) or paragraph (d) of this section) of any other property so accepted, and the proceeds of insurance on any such gift property not used for its restoration, shall be deposited in the Treasury of the United States and are hereby appropriated and shall be held in trust by the Secretary of the Treasury for the benefit of the Department including the Service, and he may invest and reinvest such funds in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. Such gifts and the income from

[97] As amended by P.L. 86–723 (74 Stat. 847; 22 U.S.C. 809).

such investments shall be available for expenditure in the operation of the Department including the Service and the performance of its functions, subject to the same examination and audit as is provided for appropriations made for the Service by Congress.

(c) The evidences of any unconditional gift of intangible personal property, other than money, accepted pursuant to the authority granted in paragraph (a) of this section, shall be deposited with the Secretary of the Treasury and he, in his discretion, may hold them, or liquidate them except that they shall be liquidated upon the request of the Secretary whenever necessary to meet payments required in the operation of the Department including the Service or the performance of its functions. The proceeds and income from any such property held by the Secretary of the Treasury shall be available for expenditure as is provided in paragraph (b) of this section.

(d) The Secretary shall hold any real property or any tangible personal property accepted unconditionally pursuant to the authority granted in paragraph (a) of this section and he shall permit such property to be used for the operation of the Department including the Service and the performance of its functions or he may lease or hire such property, and may insure such property, and deposit the income thereof with the Secretary of the Treasury to be available for expenditure as provided in paragraph (b) of this section. The income from any such real property or tangible personal property shall be available for expenditure in the discretion of the Secretary for the maintenance, preservation, or repair and insurance of such property and any proceeds from insurance may be used to restore the property insured. Any such property when not required for the operation of the Department including the Service or the performance of its functions may be liquidated by the Secretary, and the proceeds thereof deposited with the Secretary of the Treasury, whenever in his judgment the purposes of the gifts will be served thereby.

(e) For the purpose of Federal income, estate, and gift taxes, any gift, devise, or bequest accepted by the Secretary under authority of this Act shall be deemed to be a gift, devise, or bequest to or for the use of the United States.

Part D—Authorization To Retain Attorneys

Sec. 1031. The Secretary may, without regard to sections 189 and 365 of the Revised Statutes (5 U.S.C. 49 and 314), authorize a principal officer to procure legal services whenever such services are required for the protection of the interests of the Government or to enable an officer or employee of the Service to carry on his work efficiently.

Part E—Delegation of Authority

Sec. 1041. [Repealed by P.L. 73, 81st Cong., 63 Stat. 111; 22 U.S.C. 811a. Section 11 of P.L. 726, 84th Cong., amended P.L. 73, 81st Cong., to authorize redelegation.]

[PART F—EXEMPTION FROM TAXATION [98]

[SEC. 1051. Section 116 of the Internal Revenue Code, as amended (53 Stat. 48; 53 Stat. 575; 56 Stat. 842; 58 Stat. 46; 26 U.S.C. 116), relative to exclusions from gross income, is further amended by adding at the end thereof a new subsection to read as follows:

["(k) In the case of an officer or employee of the Foreign Service of the United States, amounts received by such officer or employee as allowances or otherwise under the terms of title IX of the Foreign Service Act of 1946."]

PART G—INTERPRETATION OF THE ACT

LIBERAL-CONSTRUCTION CLAUSE

SEC. 1061. The provisions of this Act shall be construed liberally in order to effectuate its purpose.

PROVISIONS THAT MAY BE HELD INVALID

SEC. 1062. If any provision of this Act or the application of any such provision to any person or circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

HEADINGS OF TITLES, PARTS, AND SECTIONS

SEC. 1063. The headings descriptive of the various titles, parts, and sections of this Act are inserted for convenience only, and, in case of any conflict between any such heading and the substance of the title, part, or section to which it relates, the heading shall be disregarded.

PROVISIONS OF THE ACT OF JULY 3, 1946

SEC. 1064. Nothing in this Act shall be construed to affect the provisions of sections 1, 2, 3, and 4 of the Act of July 3, 1946 (Public Law 488, Seventy-ninth Congress). The "classified grades" within the meaning of that Act shall, from and after the effective date of this Act, be construed to mean classes 1 to 5, inclusive.

PART H—AUTHORIZATION FOR APPROPRIATIONS

SEC. 1071. Appropriations to carry out the purposes of this Act are hereby authorized.

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[98] Exemption of allowances from gross income for tax purposes is now contained in section 912 of the Internal Revenue Code of 1954, as amended by P.L. 86–707 (74 Stat. 802; 26 U.S.C. 912).

TITLE X—TEMPORARY PROVISIONS

PART A—TEMPORARY PROVISIONS CONCERNING APPOINTMENTS AND SALARIES OF OFFICERS AND EMPLOYEES OF THE SERVICE

REINSTATEMENT OF CHIEFS OF MISSION WHO ARE FORMER FOREIGN SERVICE OFFICERS

SEC. 1101. Any person who on the effective date of this Act is a chief of mission and who has previously been a Foreign Service officer may be reinstated as a Foreign Service officer in the class of career minister.

TRANSFER OF FOREIGN SERVICE OFFICERS FROM OLD CLASSES TO NEW CLASSES

SEC. 1102. (a) Foreign Service officers on active service on the effective date of this Act shall, by virtue of this Act, be transferred from the classes in which they are serving on such date to the new classes established by this Act as follows: Officers of class I to the new class 1; officers of class II to the new class 2; officers of classes III and IV to the new class 3; officers of classes V and VI, to the new class 4; officers of classes VII and VIII, to the new class 5; officers in the unclassified grade, to the new class 6.

(b) Each officer so transferred shall under such regulations as the Secretary may prescribe receive that salary in the new class which shall as nearly as possible correspond to his relative standing in the Service.

(c) Whenever, in accordance with the provisions of paragraph (a) of this section, the officers in a new class shall be officers who previously served in two former classes that were combined to form the new class, the period of minimum service in class for the purposes of determining eligibility for promotion in accordance with the provisions of section 622, shall commence to run from the date of their promotion to the lower of the two classes from which the new class is composed and from the date of their promotion to the higher of the two classes from which the new class is composed for the purposes of computing the minimum period an officer shall serve in a class before the commencement of the period during which he must obtain a promotion in order to prevent being retired. In all other cases, service in a former class shall be considered as a constituting service in the new class for the purposes of section 622.

TRANSFER OF OTHER OFFICERS AND EMPLOYEES OF THE SERVICE FROM THEIR PRESENT POSITIONS TO NEW POSITIONS

SEC. 1103. The Secretary shall, under such regulations as he may prescribe, provide for the transfer of the personnel of the Service, other than persons occupying positions which under the terms of this Act constitute them chiefs of mission and Foreign Service officers, to corresponding positions established by the terms of this Act or by any regulations issued pursuant thereto.

IN-CLASS PROMOTION

SEC. 1104. In making transfers of personnel in accordance with the provisions of sections 1102 and 1103, credit for time served in a previous class or position shall be given for the purpose of determining eligibility for in-class promotions in a new class in the same manner as if such time had been served in the new class.

RULES GOVERNING THE MAKING OF SALARY DETERMINATIONS IN CARRYING OUT AN INITIAL CLASSIFICATION OF THE SERVICE

SEC. 1105. In making the initial classification of the Service for Foreign Service staff officers and employees in accordance with the provisions of sections 441 and 442, the following rules shall apply:

(1) The principle of equal compensation for equal work, irrespective of sex, shall be followed.

(2) If an officer or employee is receiving basic salary at less than the minimum rate of the class or subclass to which the position he holds is allocated, his salary shall be increased to the lowest basic salary of that class or subclass.

(3) If an officer or employee is receiving basic salary within the range provided for the class or subclass to which the position he holds is allocated, and at one of the rates within that range, no change shall be made in his basic salary; if his basic salary rate is within the range but does not correspond to any one of the rates prescribed for that range by section 415, his salary shall be adjusted by fixing it at the next higher rate above the rate which he is receiving.

(4) If an officer or employee is receiving basic salary at a rate in excess of the maximum basic salary rate provided by section 415 for the class or subclass to which the position he holds is allocated in accordance with the provisions of section 1103, he shall not suffer a diminution in salary as a consequence of the classification of the position which he holds so long as he continues to occupy that position, but if he is not receiving salary at one of the rates prescribed in section 415, his salary shall be adjusted by fixing it at the next higher rate above the rate he is receiving.

PART B—TEMPORARY PROVISIONS CONCERNING RETIREMENT

MANDATORY RETIREMENT

SEC. 1111. (a) Notwithstanding the provisions of section 632 regarding the retirement of Foreign Service officers at the age of sixty years, Foreign Service officers below the class of career minister shall, during the first year after the effective date of this Act, be mandatorily retired for age upon reaching the age of sixty-four unless their services have been extended in accordance with the provisions of section 632; during the second year, at age sixty-three; during the third year at age sixty-two; during the fourth year, at age sixty-one; and, thereafter, at age sixty, but in no event shall any Foreign Service officer be

mandatorily retired for age during such four-year period until he has had fifteen years of service.

(b) No Foreign Service Officer shall be mandatorily retired in accordance with provisions of section 633 or 634 until three years after the effective date of this Act.

RATE OF ANNUITIES TO BE RECOMPUTED

SEC. 1112.[99] The Secretary shall cause annuities of all persons who are receiving annuities from the Foreign Service Retirement and Disability Fund on the effective date of this Act to be recomputed in accordance with the provisions of section 821(a) and annuities payable to such persons shall, commencing on the effective date of this Act, be paid at the rates so determined, but no such recomputation or any other action taken pursuant to this Act shall operate to reduce the rate of the annuity received by any such person unless such person voluntarily elects to receive a reduced annuity as provided in section 821(c).

PART C—MISCELLANEOUS TEMPORARY PROVISIONS

BONDS

SEC. 1121. The provisions of this Act shall not operate to impair the validity of any existing bond furnished by any officer or employee of the Service.

USE OF APPROPRIATIONS

SEC. 1122. Funds appropriated to the Department of State for the fiscal year 1947, under the caption "Foreign Service", are hereby made available for the purposes of this Act in accordance with authority granted herein and such regulations as the Seretary may prescribe. The appropriation of such additional funds as may be required to carry out the provisions of this Act is hereby authorized.

PART D—REPEAL CLAUSES

REPEAL OF PARTICULAR STATUTES

SEC. 1131. The following statutes or parts of statutes are hereby repealed:

(1) Section 208 of the Revised Statutes, as amended by the Act of May 29, 1928 (ch. 901, Public Law Numbered 611, 45 Stat. 987) (5 U.S.C. 163).

(2) Section 1674 of the Revised Statutes, as amended by section 6 of the Act of February 5, 1915 (ch. 23, Public Law Numbered 242, 38 Stat. 806), and as further amended by the Act of March 3, 1875 (ch. 153, 18 Stat. 483), and by that part of the Act of July 1, 1916 (ch. 208, Public Law Numbered 131, 39 Stat. 252), which constitutes the second proviso under the heading "Salaries of Secretaries in the Diplomatic Service" (22 U.S.C. 40 and 51).

(3) Section 1675 of the Revised Statutes as amended by the Act of March 3, 1875 (ch. 153, 18 Stat. 483), and by that part of title I of the Act of February 27, 1925 (ch. 364, Public Law Numbered 502, 43 Stat.

[99] See footnote 65 for citation to statutes increasing Foreign Service annuities.

1015), under the heading "Diplomatic and Consular Service" and the subheading "Ambassadors and Ministers" (22 U.S.C. 32).

(4) Section 1685 of the Revised Statutes as amended by schedule A of the Act of March 2, 1909 (ch. 235, Public Law Numbered 292, 35 Stat. 673), and as further amended by section 3 of the Act of February 5, 1915 (ch. 23, Public Law Numbered 242, 38 Stat. 805), section 17 of the Act of May 24, 1924 (ch. 182, Public Law Numbered 135, 43 Stat. 143), hereinafter referred to as the Act of May 24, 1924, and by that part of title I of the Act of February 27, 1925 (ch. 364, Public Law Numbered 502, 43 Stat. 1016), which reads as follows: "*Provided*, That after June 30, 1924, vice consuls while in charge of a consulate general or consulate during the absence of the principal officer shall be entitled to additional compensation in the same manner and under the same conditions as Foreign Service officers as provided in section 17 of the Act of May 24, 1924," renumbered as section 25 and further amended by section 7 of the Act of February 23, 1931 (ch. 276, Public Law Numbered 715, 46 Stat. 1210), hereinafter referred to as the Act of February 23, 1931 (22 U.S.C. 20).

(5) Section 1686 of the Revised Statutes (22 U.S.C. 36).

(6) Section 1688 of the Revised Statutes (22 U.S.C. 39).

(7) Section 1695 of the Revised Statutes and section 3 of the Act of April 5, 1906 (ch. 1366, Public Law Numbered 83, 34 Stat. 100), which reenacted certain parts of section 1695 of the Revised Statutes without specifically amending such section (22 U.S.C. 51a and 55).

(8) Section 1696 of the Revised Statutes (22 U.S.C. 58).

(9) Section 1712 of the Revised Statutes, as amended by the Act of June 18, 1888 (ch. 393, 25 Stat. 186) (22 U.S.C. 80).

(10) Section 1713 of the Revised Statutes, as amended by the Act of June 18, 1888 (ch. 393, 25 Stat. 186) (22 U.S.C. 82).

(11) Section 1714 of the Revised Statutes (22 U.S.C. 71).

(12) Section 1738 of the Revised Statutes (22 U.S.C. 105).

(13) Section 1740 of the Revised Statutes (22 U.S.C. 121).

(14) Section 1743 of the Revised Statutes (22 U.S.C. 125).

(15) Section 1744 of the Revised Statutes (22 U.S.C. 33).

(16) Section 1748 of the Revised Statutes (22 U.S.C. 129).

(17) Section 1749 of the Revised Statutes (22 U.S.C. 130).

(18) Section 1752 of the Revised Statutes (22 U.S.C. 132).

(19) That part of section 1 of the Act of June 11, 1874 (ch. 275, 18 Stat. 67), which reads as follows: "And the Secretary of State is authorized to allow and pay to the secretary of legation and to the second secretary of legation and to the messenger of the legation in Paris, from the moneys collected at the legation for the transmission of consular invoices, an amount not to exceed in the aggregate six hundred dollars in any one year, to be divided and distributed as the Secretary of State may direct, provided that the surplus receipts are sufficient for that purpose" (22 U.S.C. 37).

(20) Section 4 of the Act of June 11, 1874 (ch. 275, 18 Stat. 70) (22 U.S.C. 122).

(21) The Act of June 17, 1874 (ch. 294, 18 Stat. 77) (22 U.S.C. 124 and 126).

(22) That part of the Act of January 27, 1879 (ch. 28, 20 Stat. 273), which reads as follows: "And it shall be the duty of consuls to make to the Secretary of State a quarterly statement of exports from, and imports to, the different places to which they are accredited,

giving, as near as may be, the market price of the various articles of exports and imports, the duty and port charges, if any, on articles imported and exported, together with such general information as they may be able to obtain as to how, where, and through what channels a market may be opened for American products and manufactures. In addition to the duties now imposed by law, it shall be the duty of consuls and commercial agents of the United States, annually, to procure and transmit to the Department of State, as far as practicable, information respecting the rate of wages paid for skilled and unskilled labor within their respective jurisdiction." (22 U.S.C. 81).

(23) That part of section 5 of the Act of February 14, 1903 (ch. 552, Public Law Numbered 87, 32 Stat. 827), reading as follows: "And all consular officers of the United States, including consuls-general, consuls, and commercial agents, are hereby required, and it is made a part of their duty, under the direction of the Secretary of State, to gather and compile, from time to time, useful and material information and statistics in respect to the subjects enumerated in section 3 of this Act in the countries and places to which such consular officers are accredited, and to send under the direction of the Secretary of State, reports as required by the Secretary of Commerce and Labor of the information and statistics thus gathered and compiled, such reports to be transmitted through the Department of State to the Secretary of the Department of Commerce and Labor," as amended by section 3 of the Act of April 5, 1906 (ch. 1366, Public Law Numbered 83, 34 Stat. 100); by the Act of August 23, 1912 (ch. 350, Public Law Numbered 299, 37 Stat. 407), and by the Act of March 4, 1913 (ch. 141, Public Law Numbered 426, 37 Stat. 736) (15 U.S.C. 175).

(24) Section 11 of the Act of February 14, 1903 (ch. 552, Public Law Numbered 87, 32 Stat. 830) (5 U.S.C. 162).

(25) Section 4 of the Act of April 5, 1906 (ch. 1366, Public Law Numbered 83, 34 Stat. 100), as amended by section 10 of the Act of May 24, 1924 (43 Stat. 142), and renumbered as section 17 and further amended by section 7 of the Act of February 23, 1931 (46 Stat. 1209) (22 U.S.C. 9).

(26) That part of section 8 of the Act of April 5, 1906 (ch. 1366, Public Law Numbered 83, 34 Stat. 101), reading as follows: "but this shall not apply to consular agents, who shall be paid by one-half of the fees received in their offices, up to maximum sum of one thousand dollars in any one year, the other half being accounted for and paid into the Treasury of the United States" (22 U.S.C. 99).

(27) That part of schedule A of the Act of March 2, 1909 (ch. 235, Public Law Numbered 292; 35 Stat. 672), which reads as follows: "And hereafter no new ambassadorship shall be created unless the same shall be provided for by Act of Congress." (22 U.S.C. 31).

(28) Section 7 of the Act of February 5, 1915 (ch. 23, Public Law Numbered 242, 38 Stat. 807), as amended by section 12 of the Act of May 3, 1945 (ch. 105, Public Law Numbered 48; 59 Stat. 105, hereinafter referred to as the Act of May 3, 1945 (22 U.S.C. 38).

(29) That part of the Act of July 1, 1916, which, under the heading "Salaries of Secretaries in the Diplomatic Service," authorizes the President to designate and assign any secretary of class one as counselor of embassy or legation (39 Stat. 252), as amended by section 16 of the Act of May 24, 1924 (43 Stat. 143), and renumbered as section

23 by section 7 of the Act of February 23, 1931 (46 Stat. 1210) (22 U.S.C. 18).

(30) The joint resolution of September 29, 1919 (ch. 72, Public Resolution Numbered 16, 41 Stat. 291) (22 U.S.C. 34).

(31) That part of the Act of June 1, 1922 (ch. 204, Public Law Numbered 229, 42 Stat. 600), which under the heading "Diplomatic and Consular Service" and subheading "Ambassadors and Ministers" in title I authorizes the appointment of an envoy extraordinary and minister plenipotentiary to Egypt (22 U.S.C. 34c).

(32) Section 1 of the Act of May 24, 1924 (43 Stat. 140), renumbered as section 8 by section 7 of the Act of February 23, 1931 (46 Stat. 1207) (22 U.S.C. 1).

(33) Section 2 of the Act of May 24, 1924 (43 Stat. 140), renumbered as section 9 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1207) (22 U.S.C. 2).

(34) Section 3 of the Act of May 24, 1924 (43 Stat. 140), renumbered as section 10 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1207), and as further amended by section 2 of the Act of April 24, 1939 (ch. 84, Public Law Numbered 40, 53 Stat. 583), and by sections 4 and 5 of the Act of May 3, 1945 (59 Stat. 102, 103) (22 U.S.C. 3).

(35) Section 4 of the Act of May 24, 1924 (43 Stat. 140), renumbered as section 11 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1215), and as further amended by the Act of June 29, 1935 (ch. 337, Public Law Numbered 181, 49 Stat. 436) (22 U.S.C. 4).

(36) Section 5 of the Act of May 24, 1924 (43 Stat. 141), renumbered as section 12 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1208) (22 U.S.C. 5 and 6).

(37) Section 6 of the Act of May 24, 1924 renumbered as sections 13 and 14, and amended by section 7 of the Act of February 23, 1931, and as further amended by section 6 of the Act of May 3, 1945 (59 Stat. 103) (22 U.S.C. 7).

(38) Section 9 of the Act of May 24, 1924 (43 Stat. 142), renumbered as section 16 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1208), and further amended by section 7 of the Act of May 3, 1945 (59 Stat. 103) (22 U.S.C. 11).

(39) Section 12 of the Act of May 24, 1924 (43 Stat. 142), renumbered as section 19 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1209), and further amended by section 8 of the Act of May 3, 1945 (59 Stat. 104) (22 U.S.C. 12).

(40) Section 13 of the Act of May 24, 1924 (43 Stat. 143), renumbered as section 20 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1209) (22 U.S.C. 14).

(41) Section 14 of the Act of May 24, 1924 (43 Stat. 143), renumbered as section 21 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1209), and further amended by section 9 of the Act of May 3, 1945 (59 Stat. 104) (22 U.S.C. 15 and 16).

(42) Section 15 of the Act of May 24, 1924 (43 Stat. 143), renumbered as section 22 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1210), and further amended by the Act of March 17, 1941 (ch. 20, Public Law Numbered 17, 55 Stat. 44) (22 U.S.C. 17 and 17a).

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(43) Paragraph 1 of section 17 of the Act of May 24, 1924 (43 Stat. 143), renumbered as section 24 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1210) (22 U.S.C. 19).

(44) Section 18 of the Act of May 24, 1924 (43 Stat. 144), as amended by section 1 of the Act of July 3, 1926 (ch. 798, Public Law Numbered 519, 44 Stat. 902), renumbered as section 26 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1211), further amended by section 3 of the Act of April 24, 1939 (ch. 84, Public Law Numbered 40, 53 Stat. 584), by the Act of July 19, 1939 (ch. 330, Public Law Numbered 197, 53 Stat. 1067), by the Act of August 5, 1939 (ch. 441, Public Law Numbered 277, 53 Stat. 1208), by section 1 of the Act of April 20, 1940 (ch. 118, Public Law Numbered 464, 54 Stat. 143), by section 4 of the Act of October 14, 1940 (ch. 859, Public Law Numbered 846, 54 Stat. 1118), and by section 1 of the Act of May 13, 1941 (ch. 115, Public Law Numbered 69, 55 Stat. 189) (22 U.S.C. 21).

(45) Section 19 of the Act of May 24, 1924 (43 Stat. 146), renumbered as section 27 by section 7 of the Act of February 23, 1931 (46 Stat. 1213) (22 U.S.C. 22).

(46) Section 20 of the Act of May 24, 1924 (43 Stat. 146), renumbered as section 28 and amended by section 7 of the Act of February 23, 1931 (46 Stat. 1213) (22 U.S.C. 23).

(47) Section 31 of the Act of May 24, 1924, as added to that Act by section 7 of the Act of February 23, 1931 (46 Stat. 1214), and as amended by section 10 of the Act of May 3, 1945 (59 Stat. 105) (22 U.S.C. 23f and 23g).

(48) Section 32 of the Act of May 24, 1924, as added to that Act by section 7 of the Act of February 23, 1931 (46 Stat. 1214), and as amended by section 5 of the Act of July 3, 1946 (Public Law 488, Seventy-ninth Congress) (22 U.S.C. 23h).

(49) Section 33 of the Act of May 24, 1924, as added to that Act by section 7 of the Act of February 23, 1931 (46 Stat. 1215), and as amended by section 4 of the Act of April 24, 1939 (ch. 84, Public Law Numbered 40, 53 Stat. 588) (22 U.S.C. 3a and 23i).

(50) Section 34 of the Act of May 24, 1924, as added to that Act by section 7 of the Act of February 23, 1931 (46 Stat. 1216) (22 U.S.C. 23j).

(51) That part of the Act of February 27, 1925 (ch. 364, Public Law Numbered 502, 43 Stat. 1017), which under the heading "Diplomatic and Consular Service" and the subheading "Allowance for Clerk Hire at United States Consulates" reads as follows: "Clerks, whenever hereafter appointed, shall so far as possible, be appointed under civil-service rules and regulations", and similar provisions in later Acts (22 U.S.C. 56).

(52) That part of the Act of February 27, 1925 (ch. 364, Public Law Numbered 502, 43 Stat. 1016), which under the heading "Diplomatic Service" and the subheading "Clerks at Embassies and Legations", reads as follows: "who (clerks at the embassies and legations) whenever hereafter appointed shall be citizens of the United States * * * and so far as practicable shall be appointed under civil-service rules and regulations", and similar provisions in later Acts (22 U.S.C. 35).

(53) Section 2 of the Act of July 3, 1926 (ch. 798, Public Law Numbered 519, 44 Stat. 903) (22 U.S.C. 21a).

(54) Sections 1, 2, 3, 4, 5, and 7 of the Act of March 3, 1927 (ch. 365, Public Law Numbered 768, 44 Stat. 1394), as amended by the Act of April 12, 1930 (ch. 142, Public Law Numbered 122, 46 Stat. 163) (15 U.S.C. 197–197d and 197f).

(55) The Joint Resolution of January 22, 1930 (ch. 22, Public Resolution Numbered 32, 46 Stat. 57) (22 U.S.C. 34a).

(56) The Act of June 5, 1930 (ch. 399, Public Law Numbered 304, 46 Stat. 497–499) (7 U.S.C. 541–545).

(57) The Joint Resolution of June 5, 1930 (ch. 404, Public Resolution Numbered 81, 46 Stat. 502) (22 U.S.C. 34b).

(58) The Act of January 21, 1931 (ch. 42, Public Law Numbered 569, 46 Stat. 1040) (22 U.S.C. 32a).

(59) Section 1 of the Act of February 23, 1931 (46 Stat. 1207), as amended by section 2 of the Act of May 3, 1945 (59 Stat. 102) (22 U.S.C. 23a).

(60) Section 2 of the Act of February 23, 1931 (46 Stat. 1207) (22 U.S.C. 23b).

(61) Section 3 of the Act of February 23, 1931 (46 Stat. 1207), as amended by section 1 of the Act of April 24, 1939 (ch. 84, Public Law Numbered 40, 53 Stat. 583), and as further amended by section 3 of the Act of May 3, 1945 (59 Stat. 102) (22 U.S.C. 23c).

(62) Section 4 of the Act of February 23, 1931 (46 Stat. 1207) (22 U.S.C. 23d).

(63) Section 5 of the Act of February 23, 1931 (46 Stat. 1207) (22 U.S.C. 23e).

(64) That part of section 209 of the Act of June 30, 1932 (ch. 314, Public Law Numbered 212, 47 Stat. 405), as amended, which was added to that Act by the Act of April 30, 1940 (ch. 172, Public Law Numbered 499, 54 Stat. 174) (5 U.S.C. 823a).

(65) That part of Reorganization Plan Numbered II, made effective July 1, 1939, by the Act of June 7, 1939 (ch. 193, Public Resolution Numbered 20, 53 Stat. 813), designated as subparagraphs (a), (b), and (c) under section 1 of part 1 (53 Stat. 1431) (note under 5 U.S.C. 133t).

(66) Section 1 of the Act of May 3, 1945 (59 Stat. 102) (22 U.S.C. 1a).

(67) Section 12 of the Act of May 3, 1945 (59 Stat. 105) (22 U.S.C. 24).

GENERAL REPEAL OR AMENDMENT PROVISION

SEC. 1132. Any statute that is not repealed by section 1131 but which is inconsistent with any of the provisions of this Act shall be considered as having been amended or superseded by such provisions.

RIGHTS AND LIABILITIES UNDER STATUTES THAT ARE REPEALED

SEC. 1133. The repeal of the several statutes or parts of statutes accomplished by section 1131 shall not affect any act done or right accruing or accrued, or any suit or proceeding had or commenced in any civil cause, before such repeal, but all rights and liabilities under the statutes or parts thereof so repealed shall continue, and may be enforced in the same manner as if such repeal had not been made; subject, however, to the provisions of section 1134.

STATUTES PREVIOUSLY REPEALED BY IMPLICATION

SEC. 1134. The repeal of the several statutes or parts of statutes accomplished by section 1131 shall not be construed as a revival, up to the effective date of this Act, of any statute or part of a statute that may have previously been repealed by implication.

CONTINUATION IN FORCE OF EXISTING RULES, REGULATIONS, AND EXECUTIVE ORDERS

SEC. 1135. Notwithstanding the provisions of this Act, existing rules, regulations of or applicable to the Service, and Executive orders shall remain in effect until revoked or rescinded or until modified or superseded by regulations made in accordance with the provisions of this Act, unless clearly inconsistent with the provisions of this Act.

PART E—EFFECTIVE DATE OF ACT

SEC. 1141. The effective date of this Act shall be three months following the date of its enactment.

Approved August 13, 1946.

NOTE: Section 14 of P.L. 22, 84th Cong. (69 Stat. 28), provides that "Notwithstanding the provisions of this Act, existing rules, regulations of or applicable to the Foreign Service of the United States shall remain in effect until revoked or rescinded or until modified or superseded by regulations made in accordance with the provisions of this Act, unless clearly inconsistent with the provisions of this Act." Section 18 of P.L. 828, 84th Cong. (70 Stat. 708), is identical. Sec. 54 of P.L. 86–723 (74 Stat. 848) is similar.

2. Strengthening the Organization of the State Department

Text of Public Law 73, 81st Congress [S. 1704], approved May 26, 1949, as amended by Public Law 250, 84th Congress [S. 2237], approved August 5, 1955, Public Law 85–477, 85th Congress [H. R. 12181], approved June 30, 1958, and Public Law 85–524, 85th Congress [S. 1832], approved July 18, 1958

AN ACT To strengthen and improve the organization and administration of the Department of State, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be in the Department of State in addition to the Secretary of State an Under Secretary of State, two Deputy Under Secretaries of State, and eleven Assistant Secretaries of State.[1]

SEC. 2. (a)[2] The Secretary of State and the officers referred to in section 1 of this Act, as amended, shall be appointed by the President, by and with the advice and consent of the Senate. The Counselor of the Department of State and the Legal Adviser who are required to be appointed by the President, by and with the advice and consent of the Senate, shall rank equally with and shall receive the same salary as the Assistant Secretaries of State. Any such officer holding office at the time the provisions of this Act, as amended, become effective shall not be required to be reappointed by reason of the enactment of this Act, as amended. Unless otherwise provided for by law, the rate of basic compensation of the Deputy Under Secretaries of State shall be the same as that of Assistant Secretaries of State.[3]

(b) There is established in the Department of State an Office which shall be entitled as designated by the President, either Under Secretary of State for Political Affairs or Under Secretary of State for Economic Affairs, which Office shall be filled by appointment by the President, by and with the advice and consent of the Senate. The incumbent of such Office shall receive compensation at the rate of $22,000 a year and shall perform such duties as may be prescribed by the Secretary of State. Any provision of law vesting authority in the "Under Secretary of State for Economic Affairs", or any other reference with respect thereto, is hereby amended to vest such authority in the Secretary of State.[4]

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[1] Public Law 73, 81st Cong., provided for a Secretary of State, an Under Secretary of State, and ten Assistant Secretaries, two of which might be designated as Deputy Under Secretaries. Public Law 250, 84th Cong., provided for a Secretary of State, an Under Secretary of State, three Deputy Under Secretaries of State, and ten Assistant Secretaries of State. The designated number of Deputy Under Secretaries of State in this paragraph was changed to two by Public Law 85–477, the Mutual Security Act of 1958 (sec. 502 (j) (1), and the number of Assistant Secretaries increased from ten to eleven by Public Law 85–524, 85th Cong.

[2] This paragraph became (a) under an amendment contained in Public Law 85–477, the Mutual Security Act of 1958 (sec. 502 (j) (g)).

[3] This sentence was added by Public Law 250, 84th Cong.

[4] This subsection was revised by Public Law 86–117, approved July 30, 1959. It had been added by sec. 502 (j) (2) of the Mutual Security Act of 1958, Public Law 85–477, and read as follows:

"(b) There is hereby established in the Department of State the Office of Under Secretary of State for Economic Affairs, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. The Under Secretary of State for Economic Affairs shall receive compensation at the rate of $22,000 per year and shall perform such duties as may be prescribed by the Secretary of State. The President may initially fill the position of Under Secretary of State for Economic Affairs by appointing, without further advice and consent of the Senate, the officer who, on the date of the enactment of this subsection, held the position of Deputy Under Secretary of State for Economic Affairs. Any provision of law vesting authority in the "Deputy Under Secretary of State for Economic Affairs" or any other reference with respect thereto, is hereby amended to vest such authority in the Under Secretary of State for Economic Affairs."

By section 104 (b) of Public Law 414, 82d Congress, the Immigration and Nationality Act, a Bureau of Security and Consular Affairs was established to be headed by an administrator, with rank and compensation equal to that of an Assistant Secretary of State. The section referred to is as follows:

"(b) There is hereby established in the Department of State a Bureau of Security and Consular Affairs, to be headed by an administrator (with an appropriate title to be designated by the Secretary of State), with rank and compensation equal to that of an Assistant Secretary of State. The administrator shall be a citizen of the United States, qualified by experience, and shall maintain close liaison with the appropriate committees of Congress in order that they may be advised regarding the administration of this Act by consular officers. He shall be charged with any and all responsibility and authority in the administration of the Bureau and of this Act which are conferred on the Secretary of State as may be delegated to him by the Secretary of State or which may be prescribed by the Secretary of State. He shall also perform such other duties as the Secretary of State may prescribe."

SEC. 3. The Secretary of State, or such person or persons designated by him, notwithstanding the provisions of the Foreign Service Act of 1946 (60 Stat. 999) or any other law, except where authority is inherent in or vested in the President of the United States, shall administer, coordinate, and direct the Foreign Service of the United States and the personnel of the State Department. Any provisions in the Foreign Service Act of 1946, or in any other law, vesting authority in the "Assistant Secretary of State for Administration", the "Assistant Secretary of State in Charge of the Administration of the Department", the "Director General", or any other reference with respect thereto, are hereby amended to vest such authority in the Secretary of State.

SEC. 4. The Secretary of State may promulgate such rules and regulations as may be necessary to carry out the functions now or hereafter vested in the Secretary of State or the Department of State, and he may delegate authority to perform any of such functions, including if he shall so specify the authority successively to redelegate any of such functions,[5] to officers and employees under his direction and supervision.

SEC. 5. The following statutes or parts of statutes are hereby repealed:

Section 200 of the Revised Statutes, as amended and amplified by the Acts authorizing the establishment of additional Assistant Secretaries of State, including section 22 of the Act of May 24, 1924 (ch. 182, and the Act of December 8, 1944, R. S. 200; 43 Stat. 146; 58 Stat. 798; 5 U. S. C. 152, as amended by Public Law 767, Eightieth Congress).

Section 202 of the Foreign Service Act of 1946 (60 Stat. 1000) and any other reference in such Act to the "Deputy Director General".

Section 1041 of the Foreign Service Act of 1946 (60 Stat. 1032).

[5] The phrase ", including if he shall so specify the authority successively to redelegate any of such functions," was added by sec. 11 (a) of the Mutual Security Act of 1956.

3. Basic Authority for the Department of State

Text of Public Law 885, 84th Congress [S. 2569], 70 Stat. 890, approved August 1, 1956

AN ACT To provide certain basic authority for the Department of State.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of State is authorized to establish, maintain, and operate passport and despatch agencies.

SEC. 2. The Secretary of State, when funds are appropriated therefor, may—

(a) provide for printing and binding outside the continental United States without regard to section 11 of the Act of March 1, 1919 (44 U. S. C. 111);

(b) pay the cost of transportation to and from a place of storage and the cost of storing the furniture and household and personal effects of an employee of the Foreign Service who is assigned to a post at which he is unable to use his furniture and effects, under such regulations as the Secretary may prescribe;

(c) employ aliens, by contract, for services abroad;

(d) provide for official functions and courtesies;

(e) purchase uniforms; and

(f) pay tort claims, in the manner authorized in the first paragraph of section 2672, as amended, of title 28 of the United States Code when such claims arise in foreign countries in connection with Department of State operations abroad.

SEC. 3. The Secretary of State is authorized to—

(a) obtain insurance on official motor vehicles operated by the Department of State in foreign countries, and pay the expenses incident thereto;

(b) rent tie lines and teletype equipment;

(c) provide ice and drinking water for United States Embassies and Consulates abroad;

(d) pay excise taxes on negotiable instruments which are negotiated by the Department of State abroad;

(e) pay the actual expenses of preparing and transporting to their former homes the remains of persons, not United States Government employees, who may die away from their homes while participating in international educational exchange activities under the jurisdiction of the Department of State;

(f) pay expenses incident to the relief, protection, and burial of American seamen, and alien seamen from United States vessels in foreign countries and in the United States, Territories and possessions;

(g) pay the expenses incurred in the acknowledgment of the services of officers and crews of foreign vessels and aircraft in

rescuing American seamen, airmen, or citizens from shipwreck or other catastrophe abroad or at sea;

(h) rent or lease, for periods of less than ten years, such offices, buildings, grounds, and living quarters for the use of the Foreign Service abroad as he may deem necessary, and make payments therefor in advance; and

(i) maintain, improve, and repair properties rented or leased pursuant to authority contained in subsection (h) of this section and furnish fuel, water, and utilities for such properties.

SEC. 4. The Secretary of State is authorized to—

(a) make expenditures, from such amounts as may be specifically appropriated therefor, for unforeseen emergencies arising in the diplomatic and consular service and, to the extent authorized in appropriation Acts, funds expended for such purposes may be accounted for in accordance with section 291 of the Revised Statutes (31 U. S. C. 107); and

(b) delegate to subordinate officials the authority vested in him by section 291 of the Revised Statutes pertaining to certification of expenditures.

SEC. 5. The Secretary of State is authorized to—

(a) provide for participation by the United States in international activities which arise from time to time in the conduct of foreign affairs for which provision has not been made by the terms of any treaty, convention, or special Act of Congress: *Provided*, That this subsection shall not be construed as granting authority to accept membership for the United States in any international organization, or to participate in the activities of any international organization for more than one year without approval by the Congress; and

(b) pay the expenses of participation in activities in which the United States participates by authority of subsection (a) of this section, including, but not limited to the following:

(1) Employment of aliens;

(2) Travel expenses without regard to the Standardized Government Travel Regulations and to the rates of per diem allowances in lieu of subsistence expenses under the Travel Expense Act of 1949, as amended (5 U. S. C. 835–842);

(3) Travel expenses of persons serving without compensation in an advisory capacity while away from their homes or regular places of business not in excess of those authorized for regular officers and employees traveling in connection with said international activities; and

(4) Rental of quarters by contract or otherwise.

SEC. 6. The provisions of section 8 of the United Nations Participation Act of 1945, as amended (22 U. S. C. 287e), and regulations thereunder, applicable to expenses incurred pursuant to that Act, may be applicable to the obligation and expenditure of funds in connection with United States participation in the International Civil Aviation Organization.

SEC. 7. The exchange allowances or proceeds derived from the exchange or sale of passenger motor vehicles in possession of the Foreign Service abroad, in accordance with section 201 (c) of the Act of June

30, 1949 (40 U. S. C. 481 (c)), shall be available without fiscal year limitation for replacement of an equal number of such vehicles.

SEC. 8. The Secretary of State may, when authorized in an appropriation or other law, transfer to any department, agency, or independent establishment of the Government, with the consent of the head thereof, any funds appropriated to the Department of State, for direct expenditure by such department, agency, or independent establishment for the purposes for which the funds are appropriated.

SEC. 9. The Secretary of State is authorized to enter into contracts in foreign countries involving expenditures from funds appropriated or otherwise made available to the Department of State, without regard to the provisions of section 3741 of the Revised Statutes (41 U. S. C. 22): *Provided*, That nothing in this section shall be construed to waive the provisions of section 431 of title 18 of the United States Code.

SEC. 10. Appropriated funds made available to the Department of State for expenses in connection with travel of personnel outside the continental United States, including travel of dependents and transportation of personal effects, household goods, or automobiles of such personnel shall be available for such expenses when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year.

SEC. 11. Notwithstanding the provisions of section 16 (a) of the Act of August 2, 1946 (5 U. S. C. 78 (c)), the Secretary of State may authorize any chief of diplomatic mission to approve the use of Government-owned vehicles in any foreign country for transportation of United States Government employees from their residence to the office and return when public transportation facilities are unsafe or are not available.

SEC. 12. The Secretary of State, with the approval of the Bureau of the Budget, shall prescribe the maximum rates of per diem in lieu of subsistence (or of similar allowances therefor) payable while away from their own countries to foreign participants in any exchange of persons program, or in any program of furnishing technical information and assistance, under the jurisdiction of any Government agency, and said rates may be fixed without regard to any provision of law in limitation thereof.

SEC. 13. Allowances granted under section 901 (1) of the Foreign Service Act of 1946 (22 U. S. C. 1131 (1)), may include water, in addition to the utilities specified.

SEC. 14. Appropriations now or hereafter made available for allowances granted under the authority in part A of title IX of the Foreign Service Act of 1946, as amended (22 U. S. C. 1131), including an allowance for water as authorized in section 13 of this Act shall be available for the payment of such allowances in advance.

SEC. 15. Appropriations to carry out the purposes of this Act are hereby authorized. When so provided in an appropriation law, an appropriation made to the Department of State may remain available until expended.

4. Passport Laws and Regulations

a. Protection of citizens abroad

Act of July 27, 1868, R. S. Sec. 2001; 15 Stat. 244, 22 U. S. C. 1732

Whenever it is made known to the President that any citizen of the United States has been unjustly deprived of his liberty by or under the authority of any foreign government, it shall be the duty of the President forthwith to demand of that government the reasons of such imprisonment; and if it appears to be wrongful and in violation of the rights of American citizenship, the President shall forthwith demand the release of such citizen, and if the release so demanded is unreasonably delayed or refused, the President shall use such means, not amounting to acts of war, as he may think necessary and proper to obtain or effectuate the release; and all the facts and proceedings relative thereto shall as soon as practicable be communicated by the President to Congress.

b. Passport authority

(1) Act of July 3, 1926, 44 Stat. 887; 22 U. S. C. 211a

The Secretary of State may grant and issue passports, and cause passports to be granted, issued, and verified in foreign countries by diplomatic representatives of the United States, and by such consul generals, consuls, or vice consuls when in charge, as the Secretary of State may designate, and by the chief or other executive officer of the insular possessions of the United States, under such rules as the President shall designate and prescribe for and on behalf of the United States, and no other person shall grant, issue, or verify such passports.

(2) Partial text of Executive Order 7856 of March 31, 1938, sections 124, 125 and 126; 22 C. F. R. 51.75 to 51.77; 3 F. R. 799

124. The Secretary of State is authorized in his discretion to refuse to issue a passport, to restrict a passport for use only in certain countries, to restrict it against use in certain countries, to withdraw or cancel a passport already issued, and to withdraw a passport for the purpose of restricting its validity or use in certain countries.

125. Should a person to whom a passport has been issued knowingly use or attempt to use it in violation of the conditions or restrictions contained therein or of the provisions of these rules, the protection of the United States may be withdrawn from him while he continues to reside abroad.

126. The Secretary of State is authorized to make regulations on the subject of issuing, renewing, extending, amending, restricting, or withdrawing passports additional to these rules and not inconsistent therewith.

c. Passport limitations

(1) Act of July 14, 1902, 32 Stat. 386; 22 U. S. C. 212

No passport shall be granted or issued to or verified for any other persons than those owing allegiance, whether citizens or not, to the United States.

(2) Act of June 15, 1917, 40 Stat. 227; 22 U. S. C. 213

Before a passport is issued to any person by or under authority of the United States such person shall subscribe to and submit a written application duly verified by his oath before a person authorized and empowered to administer oaths, which said application shall contain a true recital of each and every matter of fact which may be required by law or by any rules authorized by law to be stated as a prerequisite to the issuance of any such passport.

(3) Section 2 of the Act of July 3 1926, 44 Stat. 887; 22 U. S. C. 217a, as amended by 46 Stat. 839, 47 Stat. 157, and 73 Stat. 552

SEC. 2. That the validity of a passport or passport visa shall be limited to a period of three[1] years: *Provided*, That a passport may be renewed under regulations prescribed by the Secretary of State for a period, not to exceed two years, upon payment of a fee of $5 for such renewal, but the final date of expiration shall not be more than five[1] years from the orginal date of issue: *Provided further*, That the Secretary of State may limit the validity of a passport, passport visa, or the period of renewal of a passport to less than two years: *Provided further*, That the charge for the issue of an original passport shall be $9.

(4) Partial text of Internal Security Act of 1950, Act of September 23, 1950, sec. 6; 64 Stat. 993, sec. 6; 50 U. S. C. 785, as amended by the Act of August 14, 1954, sec. 7 (c), 68 Stat. 778

DENIAL OF PASSPORTS TO MEMBERS OF COMMUNIST ORGANIZATIONS

SEC. 6. (a) When a Communist organization as defined in paragraph (5) of section 3 of this title is registered, or there is in effect a final order of the Board requiring such organization to register, it shall be unlawful for any member of such organization, with knowledge or notice that such organization is so registered or that such order has become final—

(1) to make application for a passport, or the renewal of a passport, to be issued or renewed by or under the authority of the United States; or

(2) to use or attempt to use any such passport.

(b) When an organization is registered, or there is in effect a final order of the Board requiring an organization to register, as a Communist-action organization, it shall be unlawful for any officer or employee of the United States to issue a passport to, or renew the passport of, any individual knowing or having reason to believe that such individual is a member of such organization.[2]

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[1] Public Law 86–267, approved Sept. 14, 1959, changed "two" to "three", and changed "four" to "five".

[2] 50 U. S. C. 794 (c) provides:

"Any individual who violates any provision of sections 784, 785 or 789 of this title shall, upon conviction thereof, be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or by both such fine and imprisonment."

d. Emergency provisions

(1) Partial text of the Immigration and Nationality Act of 1952, Act of June 27, 1952, sec. 215, 66 Stat. 190; 8 U. S. C. 1185

TRAVEL CONTROL OF CITIZENS AND ALIENS DURING WAR OR NATIONAL EMERGENCY

SEC. 215. (a) When the United States is at war or during the existence of any national emergency proclaimed by the President, or, as to aliens, whenever there exists a state of war between or among two or more states, and the President shall find that the interests of the United States require that restrictions and prohibitions in addition to those provided otherwise than by this section be imposed upon the departure of persons from and their entry into the United States, and shall make public proclamation thereof, it shall, until otherwise ordered by the President or the Congress, be unlawful—

(1) for any alien to depart from or enter or attempt to depart from or enter the United States except under such reasonable rules, regulations, and orders, and subject to such limitations and exceptions as the President may prescribe;

(2) for any person to transport or attempt to transport from or into the United States another person with knowledge or reasonable cause to believe that the departure or entry of such other person is forbidden by this section;

(3) for any person knowingly to make any false statement in an application for permission to depart from or enter the United States with intent to induce or secure the granting of such permission either for himself or for another;

(4) for any person knowingly to furnish or attempt to furnish or assist in furnishing to another a permit or evidence of permission to depart or enter not issued and designed for such other person's use;

(5) for any person knowingly to use or attempt to use any permit or evidence of permission to depart or enter not issued and designed for his use;

(6) for any person to forge, counterfeit, mutilate, or alter, or cause or procure to be forged, counterfeited, mutilated, or altered, any permit or evidence of permission to depart from or enter the United States;

(7) for any person knowingly to use or attempt to use or furnish to another for use any false, forged, counterfeited, mutilated, or altered permit, or evidence of permission, or any permit or evidence of permission which, though originally valid, has become or been made void or invalid.

(b) After such proclamation as is provided for in subsection (a) of this section has been made and published and while such proclamation is in force, it shall, except as otherwise provided by the President, and subject to such limitations and exceptions as the President may authorize and prescribe, be unlawful for any citizen of the United States to depart from or enter, or attempt to depart from or enter, the United States unless he bears a valid passport.

(c) Any person who shall willfully violate any of the provisions of this section, or of any order or proclamation of the President promulgated, or of any permit, rule, or regulation issued thereunder,

shall, upon conviction, be fined not more than $5,000, or, if a natural person, imprisoned for not more than five years, or both, and the officer, director, or agent of any corporation who knowingly participates in such violation shall be punished by like fine or imprisonment, or both; and any vehicle, vessel, or aircraft together with its appurtenances, equipment, tackle, apparel, and furniture, concerned in any such violation, shall be forfeited to the United States.

(d) The term "United States" as used in this section includes the Canal Zone, and all territory and waters, continental or insular, subject to the jurisdiction of the United States. The term "person" as used in this section shall be deemed to mean any individual, partnership, association, company, or other incorporated body of individuals, or corporation, or body politic.

(e) Nothing in this section shall be construed to entitle an alien to whom a permit to enter the United States has been issued to enter the United States, if upon arrival in the United States, he is found to be inadmissible under any of the provisions of this Act, or any other law, relative to the entry of aliens into the United States.

(f) The revocation of any proclamation, rule, regulation, or order issued in pursuance of this section shall not prevent prosecution for any offense committed, or the imposition of any penalties or forfeitures, liability for which was incurred under this section prior to the revocation of such proclamation, rule, regulation, or order.

(g) Passports, visas, reentry permits, and other documents required for entry under this Act may be considered as permits to enter for the purposes of this section.

(2) Presidential Proclamation 3004, January 17, 1953, 18 F. R. 489

PROCLAMATION 3004

Control of Persons Leaving or Entering the United States

By the President of the United States of America

Whereas section 215 of the Immigration and Nationality Act, enacted on June 27, 1952 (Public Law 414, 82nd Congress; 66 Stat. 163, 190) authorizes the President to impose restrictions and prohibitions in addition to those otherwise provided by that Act upon the departure of persons from, and their entry into, the United States when the United States is at war or during the existence of any national emergency proclaimed by the President or, as to aliens, whenever there exists a state of war between or among two or more states, and when the President shall find that the interests of the United States so require; and

Whereas the national emergency the existence of which was proclaimed on December 16, 1950, by Proclamation 2914 still exists; and

Whereas because of the exigencies of the international situation and of the national defense then existing Proclamation No. 2523 of November 14, 1941, imposed certain restrictions and prohibitions, in addition to those otherwise provided by law, upon the departure of persons from and their entry into the United States; and

Whereas the exigencies of the international situation and of the national defense still require that certain restrictions and prohibitions,

in addition to those otherwise provided by law, be imposed upon the departure of persons from and their entry into the United States:

Now, therefore, I, Harry S. Truman, President of the United States of America, acting under and by virtue of the authority vested in me by section 215 of the Immigration and Nationality Act and by section 301 of title 3 of the United States Code, do hereby find and publicly proclaim that the interests of the United States require that restrictions and prohibitions, in addition to those otherwise provided by law, be imposed upon the departure of persons from and their entry into, the United States; and I hereby prescribe and make the following rules, regulations, and orders with respect thereto:

(1) The departure and entry of citizens and nationals of the United States from and into the United States, including the Canal Zone, and all territory and waters, continental or insular, subject to the jurisdiction of the United States, shall be subject to the regulations prescribed by the Secretary of State and published as sections 53.1 to 53.9, inclusive, of title 22 of the Code of Federal Regulations. Such regulations are hereby incorporated into and made a part of this proclamation; and the Secretary of State is hereby authorized to revoke, modify, or amend such regulations as he may find the interests of the United States to require.

(2) The departure of aliens from the United States, including the Canal Zone, and all territory and waters, continental or insular, subject to the jurisdiction of the United States, shall be subject to the regulations prescribed by the Secretary of State, with the concurrence of the Attorney General, and published as sections 53.61 to 53.71, inclusive, of title 22 of the Code of Federal Regulations. Such regulations are hereby incorporated into and made a part of this proclamation; and the Secretary of State, with the concurrence of the Attorney General, is hereby authorized to revoke, modify, or amend such regulations as he may find the interests of the United States to require.

(3) The entry of aliens into the Canal Zone and American Samoa shall be subject to the regulations prescribed by the Secretary of State, with the concurrence of the Attorney General, and published as sections 53.21 to 53.41, inclusive, of title 22 of the Code of Federal Regulations. Such regulations are hereby incorporated into and made a part of this proclamation; and the Secretary of State, with the concurrence of the Attorney General, is hereby authorized to revoke, modify, or amend such regulations as he may find the interests of the United States to require.

(4) Proclamation No. 2523 of November 14, 1941, as amended by Proclamation No. 2850 of August 17, 1949, is hereby revoked, but such revocation shall not affect any order, determination, or decision relating to an individual, or to a class of individuals, issued in pursuance of such proclamations prior to the revocation thereof, and shall not prevent prosecution for any offense committed, or the imposition of any penalties or forfeitures, liability for which was incurred under such proclamations prior to the revocation thereof; and the provisions of this proclamation, including the regulations of the Secretary of State incorporated herein and made a part hereof, shall be in addition to, and shall not be held to revoke, supersede, modify, amend, or suspend, any other proclamation, rule, regulation, or order heretofore issued relating to the departure of persons from, or their entry into,

the United States; and compliance with the provisions of this proclamation, including the regulations of the Secretary of State incorporated herein and made a part hereof, shall not be considered as exempting any individual from the duty of complying with the provisions of any other statute, law, proclamation, rule, regulation, or order heretofore enacted or issued and still in effect.

(5) I hereby direct all departments and agencies of the Government to cooperate with the Secretary of State in the execution of his authority under this proclamation and any subsequent proclamation, rule, regulation, or order issued in pursuance hereof; and such departments and agencies shall upon request make available to the Secretary of State for that purpose the services of their respective officials and agents. I enjoin upon all officers of the United States charged with the execution of the laws thereof the utmost diligence in preventing violations of section 215 of the Immigration and Nationality Act and this proclamation, including the regulations of the Secretary of State incorporated herein and made a part hereof, and in bringing to trial and punishment any persons violating any provision of that section or of this proclamation.

To the extent permitted by law, this proclamation shall take effect as of December 24, 1952.

In witness whereof, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

Done at the City of Washington this 17th day of January in the year of our Lord nineteen hundred and fifty-three and of the Independence of the United States of America the one hundred and seventy-seventh.

[SEAL] HARRY S. TRUMAN.

By the President:
DEAN ACHESON,
Secretary of State.

(3) Partial Text of Travel Control Regulations of the Secretary of State; 22 C. F. R. 53.1 to 53.9, 6 F. R. 6069, as amended September 24, 1953; 18 F. R. 5678

SEC. 53.1. *Limitations upon travel.* No citizen of the United States or person who owes allegiance to the United States shall depart from or enter into or attempt to depart from or enter into the continental United States, the Canal Zone, and all territories, continental or insular, subject to the jurisdiction of the United States, unless he bears a valid passport which has been issued by or under authority of the Secretary of State and which, in the case of a person entering or attempting to enter any such territory, has been verified by an American diplomatic or consular officer either in the foreign country from which he started his journey, or in the foreign country in which he was last present if such country is not the one from which he started his journey, or unless he comes within one of the exceptions prescribed in Sections 53.2 and 53.3. No fee shall be collected by a diplomatic or consular officer of the United States for or in connection with such verification.

SEC. 53.2. *Exceptions to regulations in Section 53.1.* No valid passport shall be required of a citizen of the United States or a person who owes allegiance to the United States:

(a) When traveling between the continental United States and the Territory of Hawaii, Puerto Rico, and the Virgin Islands, or between any such places; or

(b) When traveling between the United States and any country or territory in North, Central, or South America or in any island adjacent thereto: *Provided*, That this exception shall not be applicable to any such person when traveling to or arriving from a place outside the United States via any country or territory in North, Central, or South America or in any island adjacent thereto, for which a valid passport is required under Sections 53.1 to 53.9: *And provided also*, That this section shall not be applicable to any seaman except as provided in paragraph (c) of this section; or

(c) When departing from or entering the United States in pursuit of the vocation of seaman: *Provided*, That the person is in possession of a specially validated United States merchant mariner's document issued by the United States Coast Guard; or

(d) When departing from or entering into the United States as an officer or member of the enlisted personnel of the United States Army or the United States Navy on a vessel operated by the United States Army or the United States Navy; or

(e) When traveling as a member of the armed forces of the United States or a civil employee of the War or Navy Departments between the continental United States, the Canal Zone, and all territories, continental or insular subject to the jurisdiction of the United States, and any foreign country or territory for which a valid passport is required under the regulations in this part: *Provided*, That he is in possession of a document of identification issued for such purposes by the War or Navy Departments; or

(f) When specifically authorized by the Secretary of State, through the appropriate official channels, to depart from or enter into the continental United States, the Canal Zone, and all territories, continental or insular, subject to the jurisdiction of the United States.

SEC. 53.3. *Exceptions to Section 53.1 concerning verification of passports.* No verification of passport shall be required of a citizen of the United States, or a person who owes allegiance to the United States:

(a) When returning to the United States from a foreign country where he had gone in pursuance of the provisions of a contract with the Departments of the Army or Navy on a matter vital to war effort if he is in possession of evidence of having been so engaged and has a valid passport; or

(b) When returning to the United States from a foreign country as a member of the flying staff, operating personnel, or crew on board an arriving aircraft which is under lease to or contract with the Government of the United States or on board an American aircraft which is engaged in commercial air-transport service for the carriage of goods, passengers, or mail between the territory of the United States and a foreign country.

SEC. 53.4. *Persons considered as bearing passports.* Every citizen of the United States, or person who owes allegiance to the United States, who is included in a valid passport issued by or under authority of the Secretary of State shall for the purpose of the rules and regulations in this part be considered as bearing a separate valid

passport if such passport is presented to the appropriate official at the time he departs from or enters into or attempts to depart from or enter into any territory of the United States mentioned in Section 53.1.

SEC. 53.5. *Prevention of departure from or entry into the United States.* (a) Nothing in this part shall be construed as prohibiting the Secretary of State or his representative at a port in the United States from preventing the departure from or entry into the United States, including the Canal Zone and all territories, continental or insular, subject to the jurisdiction of the United States, of a citizen of the United States or a person who owes allegiance to the United States unless he bears a passport, card of identification, or other document of identity issued by or under authority of the Secretary of State, notwithstanding the fact that he may be destined for or arriving from a place outside any such territory of the United States for which a valid passport is not required under the regulations in this part.

(b) Nor shall anything in the regulations in this part be construed as prohibiting the Secretary of State or his representative at a port in the United States from preventing temporarily the departure from or entry into the United States, including the Canal Zone and all territories, continental or insular, subject to the jurisdiction of the United States, of a citizen of the United States or a person who owes allegiance to the United States, notwithstanding the fact that such person may bear a valid passport, card of identification, or other document of identity issued by or under authority of the Secretary of State or be destined for or arriving from a place outside any such territory of the United States for which a valid passport is not required under the regulations in this part.

SEC. 53.6. *Attempt of a citizen or national to enter without a valid passport.* If any person who alleges that he is a citizen of the United States or a person who owes allegiance to the United States attempts to enter any territory of the United States contrary to the provisions of the regulations in this part, the appropriate officer of the United States at the port at which the attempt is made to enter such territory, if satisfied that such person is a citizen of the United States or a person who owes allegiance to the United States, shall detain such person and immediately report the facts in the case to the Secretary of State and await his instructions.

SEC. 53.7. *Optional use of a valid passport.* Nothing in this part shall be construed to prevent the use of a valid passport by any citizen of the United States, or a person who owes allegiance to the United States, in a case in which a passport is not required by this part.

SEC. 53.8. *Discretional exercise of authority in passport matters.* Nothing in this part shall be construed to prevent the Secretary of State from exercising the discretion resting in him to refuse to issue a passport, to restrict its use to certain countries, to withdraw or cancel a passport already issued, or to withdraw a passport for the purpose of restricting its validity or use in certain countries.

SEC. 53.9. *Definition of the term "continental United States".* The term "continental United States", as used in this part, includes the territory of the several States of the United States and Alaska.

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e. Partial text of regulations of the Secretary of State

(1) Limitations, 22 C. F. R. 51.135 to 51.143, September 4, 1952, 17 F. R. 8013, as amended January 18, 1956, 21 F. R. 336

SEC. 51.135. *Limitation on issuance of passports to persons supporting Communist movement.* In order to promote the national interest by assuring that persons who support the world Communist movement of which the Communist Party is an integral unit may not, through use of United States passports, further the purposes of that movement, no passport, except one limited for direct and immediate return to the United States, shall be issued to:

(a) Persons who are members of the Communist Party or who have recently terminated such membership under such circumstances as to warrant the conclusion—not otherwise rebutted by the evidence—that they continue to act in furtherance of the interests and under the discipline of the Communist Party;

(b) Persons, regardless of the formal state of their affiliation with the Communist Party, who engage in activities which support the Communist movement under such circumstances as to warrant the conclusion—not otherwise rebutted by the evidence—that they have engaged in such activities as a result of direction, domination, or control exercised over them by the Communist movement.

(c) Persons, regardless of the formal state of their affiliation with the Communist Party, as to whom there is reason to believe, on the balance of all the evidence, that they are going abroad to engage in activities which will advance the Communist movement for the purpose, knowingly and willfully of advancing that movement.

SEC. 51.136. *Limitations on issuance of passports to certain other persons.* In order to promote and safeguard the interests of the United States, passport facilities, except for direct and immediate return to the United States, will be refused to a person when it appears to the satisfaction of the Secretary of State that the person's activities abroad would: (a) violate the laws of the United States; (b) be prejudicial to the orderly conduct of foreign relations; or (c) otherwise be prejudicial to the interests of the United States.

SEC. 51.137. *Notification to Person Whose Passport Application is Tentatively Disapproved.* A person whose passport application is tentatively disapproved under the provisions of section 51.135 or section 51.136 will be notified in writing of the tentative refusal, and of the reasons on which it is based, as specifically as in the judgment of the Department of State security considerations permit. He shall be entitled, upon request, and before such refusal becomes final, to present his case and all relevant information informally to the Passport Division. He shall be entitled to appear in person before a hearing officer of the Passport Division, and to be represented by counsel. He will, upon request, confirm his oral statements, in an affidavit for the record. After the applicant has presented his case, the Passport Division will review the record, and after consultation with other interested offices, advise the applicant of the decision. If the decision is adverse, such advice will be in writing and shall state the reasons on which the decision is based as specifically as within the judgment of

the Department of State security limitations permit. Such advice shall also inform the applicant of his right to appeal under section 51.138.

SEC. 51.138. *Appeal by Passport Applicant.* In the event of a decision adverse to the applicant, he shall be entitled to appeal his case to the Board of Passport Appeals provided for in section 51.139.

SEC. 51.139. *Creation and Functions of Board of Passport Appeals.* There is hereby established within the Department of State a Board of Passport Appeals, hereinafter referred to as the Board, composed of not less than three officers of the Department to be designated by the Secretary of State. The Board shall act on all appeals under section 51.138. The Board shall adopt and make public its own rules of procedures, to be approved by the Secretary, which shall provide that its duties in any case may be performed by a panel of not less than three members acting by majority determination. The rules shall accord applicant the right to a hearing and to be represented by counsel, and shall accord applicant and each witness the right to inspect the transcript of his own testimony.

SEC. 51.140. *Duty of Board to Advise Secretary of State on Action for Disposition of Appealed Cases.* It shall be the duty of the Board, on all the evidence, to advise the Secretary of the action it finds necessary and proper to the disposition of cases appealed to it, and to this end the Board may first call for clarification of the record, further investigation, or other action consistent with its duties.

SEC. 51.141. *Bases for Findings of Fact by Board.* (a) In making or reviewing findings of fact, the Board, and all others with responsibility for so doing under sections 51.135 to 51.143, shall be convinced by a preponderance of the evidence, as would a trial court in a civil case.

(b) Consistent and prolonged adherence to the Communist Party line on a variety of issues and through shifts and changes of that line will suffice, prima facie, to support a finding under Section 51.135 (b).

SEC. 51.142. *Oath or Affirmation by Applicant as to Membership in Communist Party.* At any stage of the proceedings in the Passport Division or before the Board, if it is deemed necessary, the applicant may be required, as a part of his application, to subscribe, under oath or affirmation, to a statement with respect to present or past membership in the Communist Party. If applicant states that he is a Communist, refusal of a passport in his case will be without further proceedings.

SEC. 51.143. *Applicability of Sections 51.137 to 51.142.* Except for action taken by reason of noncitizenship or geographical limitations of general applicability necessitated by foreign policy considerations, the provisions of sections 51.137 to 51.142 shall apply in any case where the person affected takes issue with the action of the Secretary in granting, refusing, restricting, withdrawing, cancelling, revoking, extending, renewing or in any other fashion or degree affecting the ability of such person to receive or use a passport.

(2) Rules of the Board of Passport Appeals, 22 C. F. R. 51.151–51.170, January 9, 1954, 19 F. R. 161

SEC. 51.151. *Organization of Board.* The Secretary of State shall appoint a Board of Passport Appeals consisting of three or more

members, one of whom shall be designated by the Secretary as Chairman. The Chairman shall assure that there is assigned to hear the appeal of any applicant a panel of not less than three members including himself or his designee as presiding officer, which number shall constitute a quorum.

SEC. 51.152. *Decisions of the Board.* Decisions shall be by majority vote. Voting may be either in open or closed session on any question except recommendations under Section 51.140, which shall be in closed session. Decisions under Section 51.140 shall be in writing and shall be signed by all participating members of the Board.

SEC. 51.153. *Counsel to the Board.* A Counsel, to be designated by the Secretary of State, shall be responsible to the Board for the scheduling and presentation of cases, aid in legal and procedural matters, information to the applicant as to his procedural rights before the Board, maintenance of records and such other duties as the Board or the Chairman, on its behalf, may determine.

SEC. 51.154. *Examiner.* The Board may, within its discretion, appoint an examiner in any case, who may, with respect to such case, be vested with any or all authority vested in the Board or its presiding officer, subject to review and final decision by the Board, but, an applicant shall not be denied an opportunity for a hearing before the Board unless he expressly waives it.

SEC. 51.155. *Chairman.* The Chairman, or his designee, shall preside at all hearings of the Board, and shall be empowered in all respects to regulate the course of the hearings and pass upon all issues relating thereto. The Chairman, or his designee, shall be empowered to administer oaths and affirmations.

SEC. 51.156. *Prior administrative remedies.* It is required that prior to petitioning for an appeal, an applicant shall (a) exhaust the administrative remedies available in the Passport Office, as set out in Section 51.137, and (b) comply with the provisions of Section 51.142, as a part of his application, if deemed necessary by the Passport Office.

SEC. 51.157. *Petition.* An applicant desiring to take an appeal shall, within thirty calendar days after receipt of the advice of adverse decision by the Passport Office file with the Board a written petition under oath or affirmation which shall, in plain and concise language, refute or explain the reasons stated by the Passport Office for its decision.

SEC. 51.158. *Delivery of papers.* Petitions or other papers for the attention of the Board may be delivered personally, by registered mail, or by leaving a copy at the offices of the Board at the address to be stated in the advice of adverse action furnished applicant by the Passport Office.

SEC. 51.159. *Notice of hearing.* Applicant shall receive not less than five calendar days notice in writing of the scheduled date and place of hearing which shall be set for a time as soon as possible after receipt by the Board of applicant's petition.

SEC. 51.160. *Appearance.* Any party to any proceedings before the Board may appear in person, or by or with his attorney, who must possess the requisite qualifications, as hereinafter set forth, to practice before the Board.

SEC. 51.161. *Applicant's attorney.* (a) Attorneys at law in good standing who are admitted to practice before the Federal courts or

before the courts of any State or Territory of the United States may practice before the Board.

(b) No officer or employee of the Department of State whose official duties have, in fact, included participation in the investigation, preparation, presentation, decision or review of cases of the class within the competence of the Board of Passport Appeals shall, within two (2) years after the termination of such duties appear as attorney in behalf of an applicant in any case of such nature, nor shall any one appear as such attorney in a case of such class if in the course of prior government service he has dealt with any aspects of the applicant's activities relevant to a determination of that case.

SEC. 51.162. *Supplementary information to applicant.* The purpose of the hearing is to permit applicant to present all information relevant and material to the decision in his case. Applicant may, at the time of filing his petition, address a request in writing to the Board for such additional information or explanation as may be necessary to the preparation of his case. In conformity with the relevant laws and regulations, the Board shall pass promptly and finally upon all such requests and shall advise applicant of its decision. The Board shall take whatever action it deems necessary to insure the applicant of a full and fair consideration of his case.

SEC. 51.163. *Hearings.* The Passport file and any other pertinent Government files shall be considered as part of the evidence in each case without testimony or other formality as to admissibility. Such files may not be examined by the applicant, except the applicant may examine his application or any paper which he has submitted in connection with his application or appeal. The applicant may appear and testify in his own behalf, be represented by counsel subject to the provisions of Section 51.161, present witnesses and offer other evidence in his own behalf. The applicant and all witnesses may be cross-examined by any member of the Board or its counsel. If any witness whom the applicant wishes to call is unable to appear personally, the Board may, in its discretion, accept an affidavit by him or order evidence to be taken by deposition. Such depositions may be taken before any person designated by the Board and such designee is hereby authorized to administer oaths or affirmations for the purpose of the depositions. The Board shall conduct the hearing proceedings in such manner as to protect from disclosure information affecting the national security or tending to disclose or compromise investigative sources or methods.

SEC. 51.164. *Admissibility.* The Board and the applicant may introduce such evidence as the Board deems proper. Formal rules of evidence shall not apply, but reasonable restrictions shall be imposed as to the relevancy, competency, and materiality of evidence presented to the Passport Office's stated reasons for its decision and/or to the application of SEC. 51.135 or SEC. 51.136 to applicant's case.

SEC. 51.165. *Argumentation.* All argumentation shall be directed to the application of the passport regulations to the facts of the particular case. The Board will permit no oral argument or motions relative to the legality or propriety of the hearing or other procedures of the Board. Submission of such argument or motions will be confined to the filing of written briefs, objections, or motions to be made a part of the record. The Board will not undertake to consider any such motion or contention.

SEC. 51.166. *Privacy of hearings.* Hearings shall be private. There shall be present at the hearing only the members of the Board, Board's Counsel, official stenographers, Departmental employees concerned, the applicant, his counsel, and the witnesses. Witnesses shall be present at the hearing only while actually giving testimony.

SEC. 51.167. *Misbehavior before Board.* If, in the course of a hearing before the Board, an applicant or attorney is guilty of misbehavior, he may be excluded from further participation in the hearing. In addition, he may be excluded from participation in any other case before the Board.

SEC. 51.168. *Transcript of hearings.* A complete verbatim stenographic transcript shall be made of hearings by qualified reporters, and the transcript shall constitute a permanent part of the record. Upon request, the applicant and each witness shall have the right to inspect the transcript of his own testimony.

SEC. 51.169. *Notice of decision.* The Board shall communicate the action recommended under SEC. 51.140 on all cases appealed to it, to the Secretary of State. The decision of the Secretary of State shall be notified in writing to the applicant. Such notice shall be given the applicant as promptly as possible after his hearing before the Board.

SEC. 51.170. *Probative value of evidence.* In determining whether there is a preponderance of evidence supporting the denial of a passport the Board shall consider the entire record, including the transcript of the hearing and such confidential information as it may have in its possession. The Board shall take into consideration the inability of the applicant to meet information of which he has not been advised, specifically or in detail, or to attack the credibility of confidential informants.

f. Criminal provisions

(1) Punishable Violations, 18 U. S. C. 1541 to 1545, Act of June 25, 1948; 62 Stat. 771

SEC. 1541. *Issuance of Passport Without Authority.*

Whoever, acting or claiming to act in any office or capacity under the United States, or a State or possession, without lawful authority grants, issues, or verifies any passport or other instrument in the nature of a passport to or for any person whomsoever; or

Whoever, being a consular officer authorized to grant, issue or verify passports, knowingly and willfully grants, issues, or verifies any such passport to or for any person not owing allegiance, to the United States, whether a citizen or not—

Shall be fined not more than $500 or imprisoned not more than one year, or both.

SEC. 1542. *False Statement in Application and Use of Passport.*

Whoever willfully and knowingly makes any false statement in an application for passport with intent to induce or secure the issuance of a passport under the authority of the United States, either for his own use or the use of another, contrary to the laws regulating the issuance of passports or the rules prescribed pursuant to such laws; or

Whoever willfully and knowingly uses, or attempts to use, or furnishes to another for use any passport the issue of which was secured in any way by reason of any false statement—

Shall be fined not more than $2,000 or imprisoned not more than five years, or both.

SEC. 1543. *Forgery or False Use of Passport.*

Whoever falsely makes, forges, counterfeits, mutilates, or alters any passport or instrument purporting to be a passport, with intent that the same may be used; or

Whoever willfully and knowingly uses, or attempts to use, or furnishes to another for use any such false, forged, counterfeited, mutilated, or altered passport or instrument purporting to be a passport, or any passport validly issued which has become void by the occurrence of any condition therein prescribed invalidating the same—

Shall be fined not more than $2,000 or imprisoned not more than five years, or both.

SEC. 1544. *Misuse of Passport.*

Whoever willfully and knowingly uses, or attempts to use, any passport issued or designed for the use of another; or

Whoever willfully and knowingly uses, or attempts to use, any passport in violation of the conditions or restrictions therein contained or of the rules prescribed pursuant to the laws regulating the issuance of passports; or

Whoever willfully and knowingly furnishes, disposes of, or delivers a passport to any person, for use by another than the person for whose use it was originally issued and designed—

Shall be fined not more than $2,000 or imprisoned not more than five years, or both.

Sec. 1545. *Safe Conduct Violation.*

Whoever violates any safe conduct or passport duly obtained and issued under authority of the United States shall be fined not more than $2,000 or imprisoned not more than three years, or both.

(2) Statute of Limitations, 18 U. S. C. 3291, Act of June 30, 1951; 65 Stat. 107

SEC. 3291. *Nationality, Citizenship and Passports.*

No person shall be prosecuted, tried, or punished for violation of any provision of sections 1423 to 1428, inclusive, of chapter 69 and sections 1541 to 1544, inclusive, of chapter 75 of title 18 of the United States Code, or for conspiracy to violate any of the aforementioned sections, unless the indictment is found or the information is instituted within ten years after the commission of the offense.

E. UNITED NATIONS

1. The United Nations Participation Act of 1945, as Amended

Text of Public Law 264, 79th Congress [S. 1580], 59 Stat. 619, approved December 20, 1945, as amended by Public Law 341, 81st Congress [H. R. 4708], 63 Stat. 734, approved October 10, 1949

AN ACT To provide for the appointment of representatives of the United States in the organs and agencies of the United Nations, and to make other provision with respect to the participation of the United States in such organization.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "United Nations Participation Act of 1945".

SEC. 2.[1] (a) The President, by and with the advice and consent of the Senate, shall appoint a representative and a deputy representative of the United States to the United Nations, both of whom shall have the rank and status of envoy extraordinary and ambassador plenipotentiary and shall hold office at the pleasure of the President. Such representative and deputy representative shall represent the United States in the Security Council of the United Nations and may serve ex officio as United States representative on any organ, commission, or other body of the United Nations other than specialized agencies of the United Nations, and shall perform such other functions in connection with the participation of the United States in the United Nations as the President may from time to time direct.

(b) The President, by and with the advice and consent of the Senate, shall appoint an additional deputy representative of the United States to the Security Council who shall hold office at the pleasure of the President. Such deputy representative shall represent the United States in the Security Council of the United Nations in the event of the absence or disability of both the representative and the deputy representative of the United States to the United Nations.

(c) The President, by and with the advice and consent of the Senate, shall designate from time to time to attend a specified session or specified sessions of the General Assembly of the United Nations not to exceed five representatives of the United States and such number of alternates as he may determine consistent with the rules of procedure of the General Assembly. One of the representatives shall be designated as the senior representative.

(d) The President may also appoint from time to time such other persons as he may deem necessary to represent the United States in the organs and agencies of the United Nations, but the representative of the United States in the Economic and Social Council and in the Trusteeship Council of the United Nations shall be appointed only by and with the advice and consent of the Senate, except that the Presi-

[1] 22 U. S. C. § 287.

dent may, without the advice and consent of the Senate, designate any officer of the United States to act, without additional compensation, as the representative of the United States in either such Council (A) at any specified session thereof where the position is vacant or in the absence or disability of the regular representative, or (B) in connection with a specified subject matter at any specified session of either such Council in lieu of the regular representative. The President may designate any officer of the Department of State, whose appointment is subject to confirmation by the Senate, to act, without additional compensation, for temporary periods as the representative of the United States in the Security Council of the United Nations in the absence or disability of the representative and deputy representatives appointed under section 2 (a) and (b) or in lieu of such representatives in connection with a specified subject matter. The advice and consent of the Senate shall be required for the appointment by the President of the representative of the United States in any commission that may be formed by the United Nations with respect to atomic energy or in any other commission of the United Nations to which the United States is entitled to appoint a representative.

(e) Nothing contained in this section shall preclude the President or the Secretary of State, at the direction of the President, from representing the United States at any meeting or session of any organ or agency of the United Nations.

(f) All persons appointed in pursuance of authority contained in this section shall receive compensation at rates determined by the President upon the basis of duties to be performed but not in excess of rates authorized by sections 411 and 412 of the Foreign Service Act of 1946 (Public Law 724, Seventy-ninth Congress) for chiefs of mission and Foreign Service officers occupying positions of equivalent importance, except that no Member of the Senate or House of Representatives or officer of the United States who is designated under subsections (c) and (d) of this section as a representative of the United States or as an alternate to attend any specified session or specified sessions of the General Assembly shall be entitled to receive such compensation.

SEC. 3.[2] The representatives provided for in section 2 hereof, when representing the United States in the respective organs and agencies of the United Nations, shall, at all times, act in accordance with the instructions of the President transmitted by the Secretary of State unless other means of transmission is directed by the President, and such representatives shall, in accordance with such instructions, cast any and all votes under the Charter of the United Nations.

SEC. 4.[3] The President shall, from time to time as occasion may require, but not less than once each year, make reports to the Congress of the activities of the United Nations and of the participation of the United States therein. He shall make special current reports on decisions of the Security Council to take enforcement measures under the provisions of the Charter of the United Nations, and on the participation therein, under his instructions, of the representative of the United States.

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[2] 22 U. S. C. § 287a.
[3] 22 U. S. C. § 287b.

SEC. 5.[4] (a) Notwithstanding the provisions of any other law, whenever the United States is called upon by the Security Council to apply measures which said Council has decided, pursuant to article 41 of said Charter, are to be employed to give effect to its decisions under said Charter, the President may, to the extent necessary to apply such measures, through any agency which he may designate, and under such orders, rules, and regulations as may be prescribed by him, investigate, regulate, or prohibit, in whole or in part, economic relations or rail, sea, air, postal, telegraphic, radio, and other means of communication between any foreign country or any national thereof or any person therein and the United States or any person subject to the jurisdiction thereof, or involving any property subject to the jurisdiction of the United States.

(b) Any person who willfully violates or evades or attempts to violate or evade any order, rule, or regulation issued by the President pursuant to paragraph (a) of this section shall, upon conviction, be fined not more than $10,000 or, if a natural person, be imprisoned for not more than ten years, or both; and the officer, director, or agent of any corporation who knowingly participates in such violation or evasion shall be punished by a like fine, imprisonment, or both, and any property, funds, securities, papers, or other articles or documents, or any vessel, together with her tackle, apparel, furniture, and equipment, or vehicle, or aircraft, concerned in such violation shall be forfeited to the United States.

SEC. 6.[5] The President is authorized to negotiate a special agreement or agreements with the Security Council which shall be subject to the approval of the Congress by appropriate Act or joint resolution, providing for the numbers and types of armed forces, their degree of readiness and general location, and the nature of facilities and assistance, including rights of passage, to be made available to the Security Council on its call for the purpose of maintaining international peace and security in accordance with article 43 of said Charter. The President shall not be deemed to require the authorization of the Congress to make available to the Security Council on its call in order to take action under article 42 of said Charter and pursuant to such special agreement or agreements the armed forces, facilities, or assistance provided for therein: *Provided*, That, except as authorized in section 7 of this Act, nothing herein contained shall be construed as an authorization to the President by the Congress to make available to the Security Council for such purpose armed forces, facilities, or assistance in addition to the forces, facilities, and assistance provided for in such special agreement or agreements.

SEC. 7.[6] (a) Notwithstanding the provisions of any other law, the President, upon the request by the United Nations for cooperative action, and to the extent that he finds that it is consistent with the national interest to comply with such request, may authorize, in support of such activities of the United Nations as are specifically directed to the peaceful settlement of disputes and not involving the employment of armed forces contemplated by chapter VII of the United Nations Charter—

[4] 22 U. S. C. § 287c.
[5] 22 U. S. C. § 287d.
[6] 22 U. S. C. § 287d-1.

(1) the detail to the United Nations, under such terms and conditions as the President shall determine, of personnel of the armed forces of the United States to serve as observers, guards, or in any noncombatant capacity, but in no event shall more than a total of one thousand of such personnel be so detailed at any one time: *Provided*, That while so detailed, such personnel shall be considered for all purposes as acting in the line of duty, including the receipt of pay and allowances as personnel of the armed forces of the United States, credit for longevity and retirement, and all other perquisites appertaining to such duty: *Provided further*, That upon authorization or approval by the President, such personnel may accept directly from the United Nations (a) any or all of the allowances or perquisites to which they are entitled under the first proviso hereof, and (b) extraordinary expenses and perquisites incident to such detail;

(2) the furnishing of facilities, services, or other assistance and the loan of the agreed fair share of the United States of any supplies and equipment to the United Nations by the National Military Establishment, under such terms and conditions as the President shall determine;

(3) the obligation, insofar as necessary to carry out the purposes of clauses (1) and (2) of this subsection, of any funds appropriated to the National Military Establishment or any department therein, the procurement of such personnel, supplies, equipment, facilities, services, or other assistance as may be made available in accordance with the request of the United Nations, and the replacement of such items, when necessary, where they are furnished from stocks.

(b) Whenever personnel or assistance is made available pursuant to the authority contained in subsection (a) (1) and (2) of this section, the President shall require reimbursement from the United Nations for the expense thereby incurred by the United States: *Provided*, That in exceptional circumstances, or when the President finds it to be in the national interest, he may waive, in whole or in part, the requirement of such reimbursement: *Provided further*, That when any such reimbursement is made, it shall be credited, at the option of the appropriate department of the National Military Establishment, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

(c) In addition to the authorization of appropriations to the Department of State contained in section 8 of this Act, there is hereby authorized to be appropriated to the National Military Establishment, or any department therein, such sums as may be necessary to reimburse such Establishment or department in the event that reimbursement from the United Nations is waived in whole or in part pursuant to authority contained in subsection (b) of this section.

(d) Nothing in this Act shall authorize the disclosure of any information or knowledge in any case in which such disclosure is prohibited by any other law of the United States.

SEC. 8.[7] There is hereby authorized to be appropriated annually to

[7] 22 U. S. C. § 287e.

the Department of State, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for the payment by the United States of its share of the expenses of the United Nations as apportioned by the General Assembly in accordance with article 17 of the Charter, and for all necessary salaries and expenses of the representatives provided for in section 2 hereof, and of their appropriate staffs, including personal services in the District of Columbia and elsewhere, without regard to the civil-service laws and the Classification Act of 1923, as amended; travel expenses without regard to the Standardized Government Travel Regulations, as amended, the Travel Expense Act of 1949, and section 10 of the Act of March 3, 1933, as amended, and, under such rules and regulations as the Secretary of State may prescribe, travel expenses of families and transportation of effects of United States representatives and other personnel in going to and returning from their post of duty; allowances for living quarters, including heat, fuel, and light, as authorized by the Act approved June 26, 1930 (5 U. S. C. 118a); cost-of-living allowances for personnel stationed abroad under such rules and regulations as the Secretary of State may prescribe; communications services; stenographic reporting, translating, and other services, by contract; hire of passenger motor vehicles and other local transportation; rent of offices; printing and binding without regard to section 11 of the Act of March 1, 1919 (44 U. S. C. 111); allowances and expenses as provided in section 6 of the Act of July 30, 1946 (Public Law 565, Seventy-ninth Congress), and allowances and expenses equivalent to those provided in section 901 (3) of the Foreign Service Act of 1946 (Public Law 724, Seventy-ninth Congress); the lease or rental (for periods not exceeding ten years) of living quarters for the use of the representative of the United States to the United Nations referred to in paragraph (a) of section 2 hereof, the cost of installation and use of telephones in the same manner as telephone service is provided for use of the Foreign Service pursuant to the Act of August 23, 1912, as amended (31 U. S. C. 679), and the allotment of funds, similar to the allotment authorized by section 902 of the Foreign Service Act of 1946, for unusual expenses incident to the operation and maintenance of such living quarters, to be accounted for in accordance with section 903 of said Act; and such other expenses as may be authorized by the Secretary of State; all without regard to section 3709 of the Revised Statutes, as amended (41 U. S. C. 5).

2. The International Organizations Immunities Act

Text of Public Law 291, 79th Congress [H. R. 4489], 59 Stat. 669, approved December 29, 1945[1]

AN ACT To extend certain privileges, exemptions, and immunities to international organizations and to the officers and employees thereof, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SECTION 1.[2] For the purposes of this title, the term "international organization" means a public international organization in which the United States participates pursuant to any treaty or under the authority of any Act of Congress authorizing such participation or making an appropriation for such participation, and which shall have been designated by the President through appropriate Executive order as being entitled to enjoy the privileges, exemptions, and immunities herein provided. The President shall be authorized, in the light of the functions performed by any such international organization, by appropriate Executive order to withhold or withdraw from any such organization or its officers or employees any of the privileges, exemptions, and immunities provided for in this title (including the amendments made by this title) or to condition or limit the enjoyment by any such organization or its officers or employees of any such privilege, exemption, or immunity. The President shall be authorized, if in his judgment such action should be justified by reason of the abuse by an international organization or its officers and employees of the privileges, exemptions, and immunities herein provided or for any other reason, at any time to revoke the designation of any international organization under this section, whereupon the international organization in question shall cease to be classed as an international organization for the purposes of this title.[3]

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[1] Title II is unrelated to the United Nations and has been omitted.

[2] 22 U. S. C. § 288.

[3] The following international organizations are currently designated by the President as public international organizations entitled to enjoy the privileges, exemptions and immunities of the International Organizations Immunities Act:

Executive Order No. 9698, February 19, 1946

The Food and Agriculture Organization
The International Labor Organization
The United Nations

Executive Order No. 9751, July 12, 1946

Inter-American Institute of Agricultural Sciences
Inter-American Statistical Institute
International Bank for Reconstruction and Development
International Monetary Fund

Executive Order No. 9823, January 24, 1947

International Wheat Advisory Committee
(International Wheat Council)

SEC. 2.[4] International organizations shall enjoy the status, immunities, exemptions, and privileges set forth in this section, as follows:

(a) International organizations shall, to the extent consistent with the instrument creating them, possess the capacity—

(i) to contract;

(ii) to acquire and dispose of real and personal property;

(iii) to institute legal proceedings.

(b) International organizations, their property and their assets, wherever located, and by whomsoever held, shall enjoy the same immunity from suit and every form of judicial process as is enjoyed

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Executive Order No. 9863, June 2, 1947

United Nations Educational, Scientific, and Cultural Organization
International Civil Aviation Organization
International Telecommunication Union

Executive Order No. 9911, December 22, 1947

International Cotton Advisory Committee

Executive Order No. 9972, June 25, 1948

International Joint Commission, United States and Canada

Executive Order No. 10025, December 30, 1948

World Health Organization
Caribbean Commission

Executive Order No. 10086, November 25, 1949

South Pacific Commission

Executive Order No. 10133, June 27, 1950

Organization for European Economic Cooperation

Executive Order No. 10228, March 26, 1951

Inter-American Defense Board

Executive Order No. 10335, March 28, 1952

Provisional Intergovernmental Committee for the Movement of Migrants from Europe (now the Intergovernmental Committee for European Migration)

Executive Order No. 10533, June 3, 1954

Organization of American States (includes the Pan American Union, previously designated February 19, 1946, by Executive Order No. 9698)

Executive Order No. 10676, September 4, 1956

World Meteorological Organization

Executive Order No. 10680, October 4, 1956

International Finance Corporation

Executive Order No. 10727, August 31, 1957

International Atomic Energy Agency (included the Preparatory Commission of the International Atomic Energy Agency)
Universal Postal Union

Executive Order No. 10769, May 29, 1958

International Hydrographic Bureau

Executive Order No. 10795, December 13, 1958

Intergovernmental Maritime Consultative Organization

Executive Order No. 10864, February 20, 1960

Pan American Health Organization (includes the Pan American Sanitary Bureau, previously designated July 11, 1946, by Executive Order No. 9751)

Executive Order No. 10866, February 24, 1960

Southeast Asia Treaty Organization

Executive Order No. 10873, April 12, 1960

Inter-American Development Bank

[4] 22 U. S. C. § 288a.

by foreign governments, except to the extent that such organizations may expressly waive their immunity for the purpose of any proceedings or by the terms of any contract.

(c) Property and assets of international organizations, wherever located and by whomsoever held, shall be immune from search, unless such immunity be expressly waived, and from confiscation. The archives of international organizations shall be inviolable.

(d) Insofar as concerns customs duties and internal-revenue taxes imposed upon or by reason of importation, and the procedures in connection therewith; the registration of foreign agents; and the treatment of official communications, the privileges, exemptions, and immunities to which international organizations shall be entitled shall be those accorded under similar circumstances to foreign governments.

SEC. 3.[5] Pursuant to regulations prescribed by the Commissioner of Customs with the approval of the Secretary of the Treasury, the baggage and effects of alien officers and employees of international organizations, or of aliens designated by foreign governments to serve as their representatives in or to such organizations, or of the families, suites, and servants of such officers, employees, or representatives shall be admitted (when imported in connection with the arrival of the owner) free of customs duties and free of internal-revenue taxes imposed upon or by reason of importation.

SEC. 4.[6] The Internal Revenue Code is hereby amended as follows:

(a)[7] Effective with respect to taxable years beginning after December 31, 1943, section 116 (c), relating to the exclusion from gross income of income of foreign governments, is amended to read as follows:

"(c) INCOME OF FOREIGN GOVERNMENTS AND OF INTERNATIONAL ORGANIZATIONS.—The income of foreign governments or international organizations received from investments in the United States in stocks, bonds, or other domestic securities, owned by such foreign governments or by international organizations, or from interest on deposits in banks in the United States of moneys belonging to such foreign governments or international organizations, or from any other source within the United States."

(b)[8] Effective with respect to taxable years beginning after December 31, 1943, section 116 (h) (1), relating to the exclusion from gross income of amounts paid employees of foreign governments, is amended to read as follows:

"(1) RULE FOR EXCLUSION.—Wages, fees, or salary of any employee of a foreign government or of an international organization or of the Commonwealth of the Philippines (including a consular or other officer, or a nondiplomatic representative), received as compensation for official services to such government, international organization, or such Commonwealth—

"(A) If such employee is not a citizen of the United States, or is a citizen of the Commonwealth of the Philippines (whether or not a citizen of the United States); and

"(B) If, in the case of an employee of a foreign government or of the Commonwealth of the Philippines, the services are of a character similar to those performed by employees of the Government of the United States in foreign countries or in the Commonwealth of the Philippines, as the case may be; and

[5] 22 U. S. C. § 288b.
[6] The provisions of sec. 4 are contained in title 26 of the United States Code, as noted below.
[7] 26 U. S. C. § 892.
[8] 26 U. S. C. §§ 893(a) (1) (2) (3).

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"(C) If, in the case of an employee of a foreign government or the Commonwealth of the Philippines, the foreign government or the Commonwealth grants an equivalent exemption to employees of the Government of the United States performing similar services in such foreign country or such Commonwealth, as the case may be."

(c) [9] Effective January 1, 1946, section 1426 (b), defining the term "employment" for the purposes of the Federal Insurance Contributions Act, is amended (1) by striking out the word "or" at the end of paragraph (14), (2) by striking out the period at the end of paragraph (15) and inserting in lieu thereof a semicolon and the word "or", and (3) by inserting at the end of the subsection the following new paragraph:

"(16) Service performed in the employ of an international organization."

(d) [10] Effective January 1, 1946, section 1607 (c), defining the term "employment" for the purposes of the Federal Unemployment Tax Act, is amended (1) by striking out the word "or" at the end of paragraph (14), (2) by striking out the period at the end of paragraph (15) and inserting in lieu thereof a semicolon and the word "or," and (3) by inserting at the end of the subsection the following new paragraph:

"(16) Service performed in the employ of an international organization."

(e) [11] Section 1621 (a) (5), relating to the definition of "wages" for the purpose of collection of income tax at the source, is amended by inserting after the words "foreign government" the words "or an international organization".

(f) [12] Section 3466 (a), relating to exemption from communications taxes is amended by inserting immediately after the words "the District of Columbia" a comma and the words "or an international organization".

(g) [13] Section 3469 (f) (1), relating to exemption from the tax on transportation of persons, is amended by inserting immediately after the words "the District of Columbia" a comma and the words "or an international organization".

(h) [14] Section 3475 (b) (1), relating to exemption from the tax on transportation of property, is amended by inserting immediately after the words "the District of Columbia" a comma and the words "or an international organization".

(i) [15] Section 3797 (a), relating to definitions, is amended by adding at the end thereof a new paragraph as follows:

"(18) INTERNATIONAL ORGANIZATION.—The term 'international organization' means a public international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act."

SEC. 5. (a) [16] Effective January 1, 1946, section 209 (b) of the Social Security Act, defining the term "employment" for the purposes of

[9] 26 U. S. C. § 3121(b)(15).
[10] 26 U. S. C. § 3306(c)(16).
[11] 26 U. S. C. § 3401(a)(5).
[12] 26 U. S. C. § 4253(c).
[13] 26 U. S. C. § 4263(d).
[14] 26 U. S. C. § 4272(d), relating to exemption from tax on transportation of property, repealed with 26 U. S. C. § § 4271–4273 by Public Law 85–475, § 4(a), June 30, 1958, 72 Stat. 260.
[15] 26 U. S. C. § 7701(a)(10).
[16] 42 U. S. C. § 410(a)(15).

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title II of the Act, is amended (1) by striking out the word "or" at the end of paragraph (14), (2) by striking out the period at the end of paragraph (15) and inserting in lieu thereof a semicolon and the word "or", and (3) by inserting at the end of the subsection the following new paragraph:

"(16) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act."

(b) [17] No tax shall be collected under title VIII or IX of the Social Security Act or under the Federal Insurance Contributions Act or the Federal Unemployment Tax Act, with respect to services rendered prior to January 1, 1946, which are described in paragraph (16) of sections 1426 (b) and 1607 (c) of the Internal Revenue Code, as amended, and any such tax heretofore collected (including penalty and interest with respect thereto, if any) shall be refunded in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such refund. No payment shall be made under title II of the Social Security Act with respect to services rendered prior to January 1, 1946, which are described in paragraph (16) of section 209 (b) of such Act, as amended.

SEC. 6.[18] International organizations shall be exempt from all property taxes imposed by, or under the authority of, any Act of Congress, including such Acts as are applicable solely to the District of Columbia or the Territories.

SEC. 7. (a) [19] Persons designated by foreign governments to serve as their representatives in or to international organizations and the officers and employees of such organizations, and members of the immediate families of such representatives, officers, and employees residing with them, other than nationals of the United States, shall, insofar as concerns laws regulating entry into and departure from the United States, alien registration and fingerprinting, and the registration of foreign agents, be entitled to the same privileges, exemptions, and immunities as are accorded under similar circumstances to officers and employees, respectively, of foreign governments, and members of their families.

(b) [20] Representatives of foreign governments in or to international organizations and officers and employees of such organizations shall be immune from suit and legal process relating to acts performed by them in their official capacity and falling within their functions as such representatives, officers, or employees except insofar as such immunity may be waived by the foreign government or international organization concerned.

(c) [21] Section 3 of the Immigration Act approved May 26, 1924, as

[17] 26 U. S. C. § 3101 Historical Note; 42 U. S. C. § 401 Historical Note.
[18] 22 U. S. C. § 288c.
[19] 22 U. S. C. § 288d (a).
[20] 22 U. S. C. § 288d (b).
[21] Sec. 3 of the Immigration Act of May 26, 1924 (8 U. S. C. § 203) was repealed and replaced by sec. 101 (a) (15) of the Immigration and Nationality Act of June 27, 1952, Public Law 414, 82d Congress, 2d sess., 66 Stat. 166, 8 U. S. C. § 1101 (a). Sec. 7 (c) of the International Organizations Immunities Act, set forth in the text above, is now covered by sec. 101 (a) (15) (G) of the Immigration and Nationality Act of June 27, 1952 (8 U. S. C. § 1101 (a) (15) (G)), which provides:

"(G) (i) a designated principal resident representative of a foreign government recognized de jure by the United States, which foreign government is a member of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (55 Stat. 669), accredited resident members of the staff of such representatives, and members of his or their immediate family;

amended (U. S. C., title 8, sec. 203), is hereby amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and (7) a representative of a foreign government in or to an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act, or an alien officer or employee of such an international organization, and the family, attendants, servants, and employees of such a representative, officer, or employee".

(d) [22] Section 15 of the Immigration Act approved May 26, 1924, as

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(ii) other accredited representatives of such a foreign government to such international organizations, and the members of their immediate families;

(iii) an alien able to qualify under (i) or (ii) above except for the fact that the government of which such alien is an accredited representative is not recognized de jure by the United States, or that the government of which he is an accredited representative is not a member of such international organization, and the members of his immediate family;

(iv) officers, or employees of such international organizations, and the members of their immediate families;

(v) attendants, servants, and personal employees of any such representative, officer, or employee, and the members of the immediate families of such attendants, servants, and personal employees;"

Sec. 101 (a) (15) of the Immigration and Nationality Act of June 27, 1952 (8 U. S. C. § 1101 (a) (15)) establishes nine categories of "nonimmigrant" aliens (aliens admitted to the United States on a temporary basis, not for permanent residence here, and therefore not subject to quota restrictions). These are: Class A, Foreign government officials; Class B, Temporary visitors; Class C, Transit aliens (including aliens entitled to pass in transit to and from the United Nations headquarters in New York City); Class D, Crewmen; Class E, Treaty traders and treaty investors; Class F, Students; Class G, International organizations personnel; Class H, Temporary workers; Class I, Foreign correspondents. A detailed account of the Immigration and Nationality Act of June 27, 1952 appears in a special article in Title 8 of the United States Code Annotated, prepared by Walter M. Besterman, Legislative Assistant, Committee on the Judiciary, House of Representatives, United States.

[22] Sec. 15 of the Immigration Act of May 26, 1924 (U. S. C. § 215) has been repealed and replaced by secs. 102, 214, and 241 of the Immigration and Nationality Act of June 27, 1952, (8 U. S. C. §§ 1102, 1184, 1251 (e)). Sec. 7 (d) of the International Organizations Immunities Act, set forth in the text above, is now covered by sec. 102 of the Immigration and Nationality Act of June 27, 1952 (8 U. S. C. § 1102), which states:

"SEC. 102. Except as otherwise provided in this Act, for so long as they continue in the nonimmigrant classes enumerated in this section, the provisions of this Act relating to ineligibility to receive visas and the exclusion or deportation of aliens shall not be construed to apply to nonimmigrants—

(1) within the class described in paragraph (15) (A) (i) of section 101 (a), except those provisions relating to reasonable requirements of passports and visas as a means of identification and documentation necessary to establish their qualifications under such paragraph (15) (A) (i), and, under such rules and regulations as the President may deem to be necessary, the provisions of paragraph (27) of section 212 (a);

(2) within the class described in paragraph (15) (G) (i) of section 101 (a), except those provisions relating to reasonable requirements of passports and visas as a means of identification and documentation necessary to establish their qualifications under such paragraph (15) (G) (i), and the provisions of paragraph (27) of section 212 (a); and

(3) within the classes described in paragraphs (15) (A) (ii), (15) (G) (ii), (15) (G) (iii), or (15) (G) (iv) of section 101 (a), except those provisions relating to reasonable requirements of passports and visas as a means of identification and documentation necessary to establish their qualifications under such paragraphs, and the provisions of paragraphs (27) and (29) of section 212 (a)."

Sec. 212 of the Immigration and Nationality Act of June 27, 1952 (8 U. S. C. § 1182) sets forth the various classes of aliens to be excluded from admission to the United States. Paragraph (27) of sec. 212 (a) (8 U. S. C. § 1182 (a) (27)) provides:

"(27) Aliens who the consular office or the Attorney General knows or has reason to believe seek to enter the United States solely, principally, or incidentally to engage in activities which would be prejudicial to the public interest, or endanger the welfare, safety, or security of the United States;"

Paragraph (29) of sec. 212 (a) (8 U. S. C. § 1182 (a) (29)) provides:

"(29) Aliens with respect to whom the consular officer or the Attorney General knows or has reasonable ground to believe probably would, after entry, (A) engage in activities which would be prohibited by the laws of the United States relating to espionage, sabotage, public disorder, or in other activity subversive to the national security, (B) engage in any activity a purpose of which is the opposition to, or the control or overthrow of, the Government of the United States, by force, violence, or other unconstitutional means, or (C) join, affiliate with, or participate in the activities of any organization which is registered or required to be registered under section 7 of the Subversive Activities Control Act of 1950;"

It will be noted that sec. 102 (8 U. S. C. § 1102) covers class (15) (G) (i), (ii), (iii) and (iv) cases of international organizations personnel, but does not cover (15) (G) (v) cases (attendants, servants, and personal employees of such personnel, and members of the immediate families of such attendants, servants, and personal employees). Sec. 212 (8 U. S. C. § 1182) setting forth various grounds of exclusion of aliens, such as mental, physical or moral defects, therefore applies to this class of personnel. Sec. 212 (d) (2) (8 U. S. C. § 1182 (d) (2)) contains this exception:

amended (U. S. C., title 8, sec. 215), is hereby amended to read as follows:

"SEC. 15. The admission to the United States of an alien excepted from the class of immigrants by clause (1), (2), (3), (4), (5), (6), or (7) of section 3, or declared to be a nonquota immigrant by subdivision (e) of section 4, shall be for such time and under such conditions as may be by regulations prescribed (including, when deemed necessary for the classes mentioned in clause (2), (3), (4), or (6) of section 3 and subdivision (e) of section 4, the giving of bond with sufficient surety, in such sum and containing such conditions as may be by regulations prescribed) to insure that, at the expiration of such time or upon failure to maintain the status under which admitted, he will depart from the United States: *Provided*, That no alien who has been, or who may hereafter be, admitted into the United States under clause (1) or (7) of section 3, as an official of a foreign government, or as a member of the family of such official, or as a representative of a foreign government in or to an international organization or an officer or employee of an international organization, or as a member of the family of such representative, officer, or employee, shall be required to depart from the United States without the approval of the Secretary of State."

SEC. 8.[23] (a) No person shall be entitled to the benefits of this title unless he (1) shall have been duly notified to and accepted by the Secretary of State as a representative, officer, or employee; or (2) shall have been designated by the Secretary of State, prior to formal

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"(2) The provisions of paragraph (28) of subsection (a) of this section shall not be applicable to any alien who is seeking to enter the United States temporarily as a nonimmigrant under paragraph (15) (A) (iii) or (15) (G) (v) of Section 101 (a)."

Sec. 212 (a) (28) (8 U. S. C. § 1182 (a) (28)) lists various classes of aliens who are excluded because of subversive activities and associations. These classes include: anarchists; opponents of all organized governments; members of the Communist Party of the United States; advocates of world communism; advocates of the overthrow by force, violence, or other unconstitutional means of the Government of the United States or of all forms of law; etc.

In this connection, note should be made of sec. 212 (d) (3) and (6) (8 U. S. C. § 1182 (d) (3) and (6)). Paragraph (3) provides:

"(3) Except as provided in this subsection, an alien (A) who is applying for a nonimmigrant visa and is known or believed by the consular officer to be ineligible for such visa under one or more of the paragraphs enumerated in subsection (a) (other than paragraphs (27) and (29), may, after approval by the Attorney General of a recommendation by the Secretary of State or by the consular officer that the alien be admitted temporarily despite his inadmissibility, be granted such a visa and may be admitted into the United States temporarily as a nonimmigrant in the discretion of the Attorney General, or (B) who is inadmissible under one or more of the paragraphs enumerated in subsection (a) (other than paragraphs (27) and (29)), but who is in possession of appropriate documents or is granted a waiver thereof and is seeking admission, may be admitted into the United States temporarily as a nonimmigrant in the discretion of the Attorney General."

Paragraph (6) provides:

"(6) The Attorney General shall prescribe conditions, including exaction of such bonds as may be necessary, to control and regulate the admission and return of excludable aliens applying for temporary admission under this subsection. The Attorney General shall make a detailed report to the Congress in any case in which he exercises his authority under paragraph (3) of this subsection on behalf of any alien excludable under paragraphs (9), (10), and (28) of subsection (a)."

Attention is also called to sec. 214 (a) and (b) (8 U. S. C. § 1184 (a) and (b)), which provide:

"SEC. 214. (a) The admission to the United States of any alien as a nonimmigrant shall be for such time and under such conditions as the Attorney General may by regulations prescribe, including when he deems necessary the giving of a bond with sufficient surety in such sum and containing such conditions as the Attorney General shall prescribe, to insure that at the expiration of such time or upon failure to maintain the status under which he was admitted, or to maintain any status subsequently acquired under section 248, such alien will depart from the United States.

"(b) Every alien shall be presumed to be an immigrant until he establishes to the satisfaction of the consular officer, at the time of application for a visa, and the immigration officers, at the time of application for admission, that he is entitled to a nonimmigrant status under section 101 (a) (15). An alien who is an officer or employee of any foreign government or of any international organization entitled to enjoy privileges, exemptions, and immunities under the International Organizations Immunities Act, or an alien who is the attendant, servant, employee, or member of the immediate family of any such alien shall not be entitled to apply for or receive an immigrant visa, or to enter the United States as an immigrant unless he executes a written waiver in the same form and substance as is prescribed by section 247 (b)."

[23] 22 U. S. C. § 288e.

notification and acceptance, as a prospective representative, officer, or employee; or (3) is a member of the family or suite or servant, of one of the foregoing accepted or designated representatives, officers, or employees.

(b) Should the Secretary of State determine that the continued presence in the United States of any person entitled to the benefits of this title is not desirable, he shall so inform the foreign government or international organization concerned, as the case may be, and after such person shall have had a reasonable length of time, to be determined by the Secretary of State, to depart from the United States, he shall cease to be entitled to such benefits.

(c) No person shall, by reason of the provisions of this title, be considered as receiving diplomatic status or as receiving any of the privileges incident thereto other than such as are specifically set forth herein.

SEC. 9.[24] The privileges, exemptions, and immunities of international organizations and of their officers and employees, and members of their families, suites, and servants, provided for in this title, shall be granted notwithstanding the fact that the similar privileges, exemptions, and immunities granted to a foreign government, its officers, or employees, may be conditioned upon the existence of reciprocity by that foreign government: *Provided*, That nothing contained in this title shall be construed as precluding the Secretary of State from withdrawing the privileges, exemptions, and immunities herein provided from persons who are nationals of any foreign country on the ground that such country is failing to accord corresponding privileges, exemptions, and immunities to citizens of the United States.

SEC. 10. This title may be cited as the "International Organizations Immunities Act".

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[24] 22 U. S. C. § 288f.

3. The United Nations Headquarters Agreement Act

Text of Public Law 357, 80th Congress [S. J. Res. 144], 61 Stat. 756, approved August 4, 1947

JOINT RESOLUTION Authorizing the President to bring into effect an agreement between the United States and the United Nations for the purpose of establishing the permanent headquarters of the United Nations in the United States and authorizing the taking of measures necessary to facilitate compliance with the provisions of such agreement, and for other purposes.[1]

Whereas the Charter of the United Nations was signed on behalf of the United States on June 26, 1945, and was ratified on August 8, 1945, by the President of the United States, by and with the advice and consent of the Senate, and the instrument of ratification of the said Charter was deposited on August 8, 1945; and

Whereas the said Charter of the United Nations came into force with respect to the United States on October 24, 1945; and

Whereas article 104 of the Charter provides that "The Organization shall enjoy in the territory of each of its Members such legal capacity as may be necessary for the exercise of its functions and the fulfillment of its purposes"; and

Whereas article 105 of the Charter provides that:

"1. The Organization shall enjoy in the territory of each of its Members such privileges and immunities as are necessary for the fulfillment of its purposes.

"2. Representatives of the Members of the United Nations and officials of the Organization shall similarly enjoy such privileges and immunities as are necessary for the independent exercise of their functions in connection with the Organization.

"3. The General Assembly may make recommendations with a view to determining the details of the application of paragraphs 1 and 2 of this article or may propose conventions to the Members of the United Nations for this purpose."; and

Whereas article 28 and other articles of the Charter of the United Nations contemplate the establishment of a seat for the permanent headquarters of the Organization; and

Whereas the interim arrangements concluded on June 26, 1945, by the governments represented at the United Nations Conference on International Organization instructed the Preparatory Commission established in pursuance of the arrangements to "make studies and prepare recommendations concerning the location of the permanent headquarters of the Organization"; and

Whereas during the labors of the said Preparatory Commission, the Congress of the United States in H. Con. Res. 75, passed unanimously by the House of Representatives December 10, 1945, and agreed to unanimously by the Senate December 11, 1945, invited the United Nations "to locate the seat of the United Nations Organization within the United States"; and

[1] 22 U. S. C. § 287 footnote.

Whereas the General Assembly on December 14, 1946, resolved "that the permanent headquarters of the United Nations shall be established in New York City in the area bounded by First Avenue, East Forty-eighth Street, the East River, and East Forty-second Street"; and

Whereas the General Assembly resolved on December 14, 1946, "That the Secretary-General be authorized to negotiate and conclude with the appropriate authorities of the United States of America an agreement concerning the arrangements required as a result of the establishment of the permanent headquarters of the United Nations in the city of New York" and to be guided in these negotiations by the provisions of a preliminary draft agreement which had been negotiated by the Secretary-General and the Secretary of State of the United States; and

Whereas the General Assembly resolved on December 14, 1946, that pending the coming into force of the agreement referred to above "the Secretary-General be authorized to negotiate and conclude arrangements with the appropriate authorities of the United States of America to determine on a provisional basis the privileges, immunities, and facilities needed in connection with the temporary headquarters of the United Nations."; and

Whereas the Secretary of State of the United States, after consultation with the appropriate authorities of the State and city of New York, signed at Lake Success, New York, on June 26, 1947, on behalf of the United States an agreement with the United Nations regarding the headquarters of the United Nations, which agreement is incorporated herein; and

Whereas the aforesaid agreement provides that it shall be brought into effect by an exchange of notes between the United States and the Secretary-General of the United Nations: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized to bring into effect on the part of the United States the agreement between the United States of America and the United Nations regarding the headquarters of the United Nations, signed at Lake Success, New York, on June 26, 1947 (hereinafter referred to as the "agreement"), with such changes therein not contrary to the general tenor thereof and not imposing any additional obligations on the United States as the President may deem necessary and appropriate, and at his discretion, after consultation with the appropriate State and local authorities, to enter into such supplemental agreements with the United Nations as may be necessary to fulfill the purposes of the said agreement: *Provided*, That any supplemental agreement entered into pursuant to section 5 of the agreement incorporated herein shall be submitted to the Congress for approval. The agreement follows:

AGREEMENT BETWEEN THE UNITED NATIONS AND THE UNITED STATES OF AMERICA REGARDING THE HEADQUARTERS OF THE UNITED NATIONS [2]

THE UNITED NATIONS AND THE UNITED STATES OF AMERICA:

Desiring to conclude an agreement for the purpose of carrying out the Resolution adopted by the General Assembly on 14 December 1946 to establish the seat of the United Nations in The City of New York and to regulate questions arising as a result thereof;

Have appointed as their representatives for this purposes:

The United Nations:

TRYGVE LIE,
Secretary-General,

and

The United States of America:

GEORGE C. MARSHALL,
Secretary of State,

Who have agreed as follows:

ARTICLE I—DEFINITIONS

SECTION 1

In this agreement:

(a) The expression "headquarters district" means (1) the area defined as such in Annex 1, (2) any other lands or buildings which from time to time may be included therein by supplemental agreement with the appropriate American authorities;

(b) The expression "appropriate American authorities" means such federal, state, or local authorities in the United States as may be appropriate in the context and in accordance with the laws and customs of the United States, including the laws and customs of the state and local government involved;

(c) the expression "General Convention" means the Convention on the Privileges and Immunities of the United Nations approved by the General Assembly of the United Nations 13 February 1946, as acceded to by the United States;

(d) the expression "United Nations" means the international organization established by the Charter of the United Nations, hereinafter referred to as the "Charter";

(e) the expression "Secretary-General" means the Secretary-General of the United Nations.

ARTICLE II—THE HEADQUARTERS DISTRICT

SECTION 2

The seat of the United Nations shall be the headquarters district.

SECTION 3

The appropriate American authorities shall take whatever action may be necessary to assure that the United Nations shall not be

[2] The agreement was brought into effect on November 21, 1947, by an exchange of notes between the United States representative to the United Nations, under instruction of the President, and the Secretary-General of the United Nations. See Treaties and Other International Acts Series 1676.

dispossessed of its property in the headquarters district, except as provided in Section 22 in the event that the United Nations ceases to use the same; provided that the United Nations shall reimburse the appropriate American authorities for any costs incurred, after consultation with the United Nations, in liquidating by eminent domain proceedings or otherwise any adverse claims.

SECTION 4

(a) The United Nations may establish and operate in the headquarters district:

(1) its own short-wave sending and receiving radio broadcasting facilities (including emergency link equipment) which may be used on the same frequencies (within the tolerances prescribed for the broadcasting service by applicable United States regulations) for radiotelegraph, radioteletype, radiotelephone, radiotelephoto, and similar services;

(2) one point-to-point circuit between the headquarters district and the office of the United Nations in Geneva (using single sideband equipment) to be used exclusively for the exchange of broadcasting programs and interoffice communications;

(3) low power micro-wave, low or medium frequency facilities for communication within headquarters buildings only, or such other buildings as may temporarily be used by the United Nations;

(4) facilities for point-to-point communication to the same extent and subject to the same conditions as permitted under applicable rules and regulations for amateur operation in the United States, except that such rules and regulations shall not be applied in a manner inconsistent with the inviolability of the headquarters district provided by Section 9 (a);

(5) such other radio facilities as may be specified by supplemental agreement between the United Nations and the appropriate American authorities.

(b) The United Nations shall make arrangements for the operation of the services referred to in this section with the International Telecommunication Union, the appropriate agencies of the Government of the United States and the appropriate agencies of other affected governments with regard to all frequencies and similar matters.

(c) The facilities provided for in this section may, to the extent necessary for efficient operation, be established and operated outside the headquarters district. The appropriate American authorities will, on request of the United Nations, make arrangements, on such terms and in such manner as may be agreed upon by supplemental agreement, for the acquisition or use by the United Nations of appropriate premises for such purposes and the inclusion of such premises in the headquarters district.

SECTION 5

In the event that the United Nations should find it necessary and desirable to establish and operate an aerodrome, the conditions for the location, use and operation of such an aerodrome and the conditions under which there shall be entry into and exit therefrom shall be the subject of a supplemental agreement.

SECTION 6

In the event that the United Nations should propose to organize its own postal service, the conditions under which such service shall be set up shall be the subject of a supplemental agreement.

Article III—Law and Authority in the Headquarters District

SECTION 7

(a) The headquarters district shall be under the control and authority of the United Nations as provided in this agreement.

(b) Except as otherwise provided in this agreement or in the General Convention, the federal, state and local law of the United States shall apply within the headquarters district.

(c) Except as otherwise provided in this agreement or in the General Convention, the federal, state and local courts of the United States shall have jurisdiction over acts done and transactions taking place in the headquarters district as provided in applicable federal, state and local laws.

(d) The federal, state and local courts of the United States, when dealing with cases arising out of or relating to acts done or transactions taking place in the headquarters district, shall take into account the regulations enacted by the United Nations under Section 8.

SECTION 8

The United Nations shall have the power to make regulations, operative within the headquarters district, for the purpose of establishing therein conditions in all respects necessary for the full execution of its functions. No federal, state or local law or regulation of the United States which is inconsistent with a regulation of the United Nations authorized by this section shall, to the extent of such inconsistency, be applicable within the headquarters district. Any dispute, between the United Nations and the United States, as to whether a regulation of the United Nations is authorized by this section or as to whether a federal, state or local law or regulation is inconsistent with any regulation of the United Nations authorized by this section, shall be promptly settled as provided in Section 21. Pending such settlement, the regulation of the United Nations shall apply, and the federal, state or local law or regulation shall be inapplicable in the headquarters district to the extent that the United Nations claims it to be inconsistent with the regulation of the United Nations. This section shall not prevent the reasonable application of fire protection regulations of the appropriate American authorities.

SECTION 9

(a) The headquarters district shall be inviolable. Federal, state or local officers or officials of the United States, whether administrative, judicial, military or police, shall not enter the headquarters district to perform any official duties therein except with the consent of and under conditions agreed to by the Secretary-General. The service of legal process, including the seizure of private property, may

take place within the headquarters district only with the consent of and under conditions approved by the Secretary-General.

(b) Without prejudice to the provisions of the General Convention or Article IV of this agreement, the United Nations shall prevent the headquarters district from becoming a refuge either for persons who are avoiding arrest under the federal, state, or local law of the United States or are required by the Government of the United States for extradition to another country, or for persons who are endeavoring to avoid service of legal process.

SECTION 10

The United Nations may expel or exclude persons from the headquarters district for violation of its regulations adopted under Section 8 or for other cause. Persons who violate such regulations shall be subject to other penalties or to detention under arrest only in accordance with the provisions of such laws or regulations as may be adopted by the appropriate American authorities.

Article IV—Communications and Transit

SECTION 11

The federal, state or local authorities of the United States shall not impose any impediments to transit to or from the headquarters district of (1) representatives of Members or officials of the United Nations, or of specialized agencies as defined in Article 57, paragraph 2, of the Charter, or the families of such representatives or officials, (2) experts performing missions for the United Nations or for such specialized agencies, (3) representatives of the press, or of radio, film or other information agencies, who have been accredited by the United Nations (or by such a specialized agency) in its discretion after consultation with the United States, (4) representatives of nongovernmental organizations recognized by the United Nations for the purpose of consultation under Article 71 of the Charter, or (5) other persons invited to the headquarters district by the United Nations or by such specialized agency on official business. The appropriate American authorities shall afford any necessary protection to such persons while in transit to or from the headquarters district. This section does not apply to general interruptions of transportation which are to be dealt with as provided in Section 17, and does not impair the effectiveness of generally applicable laws and regulations as to the operation of means of transportation.[3]

SECTION 12

The provisions of Section 11 shall be applicable irrespective of the relations existing between the Governments of the persons referred to in that section and the Government of the United States.

[3] See 8 U. S. C. § 1101 (a) (15) (C), establishing as a nonimmigrant (non quota) alien "an alien who qualifies as a person entitled to pass in transit to and from the United Nations Headquarters District and foreign countries, under provisions of paragraphs (3), (4) and (5) of sec. 11 of the Headquarters Agreement with the United Nations (61 Stat. 758); * * *".

SECTION 13

(a) Laws and regulations in force in the United States regarding the entry of aliens shall not be applied in such manner as to interfere with the privileges referred to in Section 11. When visas are required for persons referred to in that Section, they shall be granted without charge and as promptly as possible.

(b) Laws and regulations in force in the United States regarding the residence of aliens shall not be applied in such manner as to interfere with the privileges referred to in Section 11 and, specifically, shall not be applied in such manner as to require any such person to leave the United States on account of any activities performed by him in his official capacity. In case of abuse of such privileges of residence by any such person in activities in the United States outside his official capacity, it is understood that the privileges referred to in Section 11 shall not be construed to grant him exemption from the laws and regulations of the United States regarding the continued residence of aliens, provided that:

(1) No proceedings shall be instituted under such laws or regulations to require any such person to leave the United States except with the prior approval of the Secretary of State of the United States. Such approval shall be given only after consultation with the appropriate Member in the case of a representative of a Member (or a member of his family) or with the Secretary-General or the principal executive officer of the appropriate specialized agency in the case of any other person referred to in Section 11;

(2) A representative of the Member concerned, the Secretary-General, or the principal executive officer of the appropriate specialized agency, as the case may be, shall have the right to appear in any such proceedings on behalf of the person against whom they are instituted;

(3) Persons who are entitled to diplomatic privileges and immunities under Section 15 or under the General Convention shall not be required to leave the United States otherwise than in accordance with the customary procedure applicable to diplomatic envoys accredited to the United States.

(c) This section does not prevent the requirement of reasonable evidence to establish that persons claiming the rights granted by Section 11 come within the classes described in that section, or the reasonable application of quarantine and health regulations.

(d) Except as provided above in this section and in the General Convention, the United States retains full control and authority over the entry of persons or property into the territory of the United States and the conditions under which persons may remain or reside there.

(e) The Secretary-General shall, at the request of the appropriate American authorities, enter into discussions with such authorities, with a view to making arrangements for registering the arrival and departure of persons who have been granted visas valid only for transit to and from the headquarters district and sojourn therein and in its immediate vicinity.

(f) The United Nations shall, subject to the foregoing provisions of this section, have the exclusive right to authorize or prohibit entry

of persons and property into the headquarters district and to prescribe the conditions under which persons may remain or reside there.

SECTION 14

The Secretary-General and the appropriate American authorities shall, at the request of either of them, consult as to methods of facilitating entrance into the United States, and the use of available means of transportation, by persons coming from abroad who wish to visit the headquarters district and do not enjoy the rights referred to in this Article.

Article V—Resident Representatives to the United Nations

SECTION 15

(1) Every person designated by a Member as the principal resident representative to the United Nations of such Member or as a resident representative with the rank of ambassador or minister plenipotentiary,

(2) such resident members of their staffs as may be agreed upon between the Secretary-General, the Government of the United States and the Government of the Member concerned,

(3) every person designated by a Member of a specialized agency, as defined in Article 57, paragraph 2, of the Charter, as its principal resident representative, with the rank of ambassador or minister plenipotentiary, at the headquarters of such agency in the United States, and

(4) such other principal resident representatives of members to a specialized agency and such resident members of the staffs of representatives to a specialized agency as may be agreed upon between the principal executive officer of the specialized agency, the Government of the United States and the Government of the Member concerned, shall, whether residing inside or outside the headquarters district, be entitled in the territory of the United States to the same privileges and immunities, subject to corresponding conditions and obligations, as it accords to diplomatic envoys accredited to it. In the case of Members whose governments are not recognized by the United States, such privileges and immunities need be extended to such representatives, or persons on the staffs of such representatives, only within the headquarters district, at their residences and offices outside the district, in transit between the district and such residences and offices, and in transit on official business to or from foreign countries.

Article VI—Police Protection of the Headquarters District

SECTION 16

(a) The appropriate American authorities shall exercise due diligence to ensure that the tranquillity of the headquarters district is not disturbed by the unauthorized entry of groups of persons from outside or by disturbances in its immediate vicinity and shall cause to be provided on the boundaries of the headquarters district such police protection as is required for these purposes.

(b) If so requested by the Secretary-General, the appropriate American authorities shall provide a sufficient number of police for the preservation of law and order in the headquarters district, and for the removal therefrom of persons as requested under the authority of the United Nations. The United Nations shall, if requested, enter into arrangements with the appropriate American authorities to reimburse them for the reasonable cost of such services.

Article VII—Public Services and Protection of the Headquarters District

SECTION 17

(a) The appropriate American authorities will exercise to the extent requested by the Secretary-General the powers which they possess with respect to the supplying of public services to ensure that the headquarters district shall be supplied on equitable terms with the necessary public services, including electricity, water, gas, post, telephone, telegraph, transportation, drainage, collection of refuse, fire protection, snow removal, et cetera. In case of any interruption or threatened interruption of any such services, the appropriate American authorities will consider the needs of the United Nations as being of equal importance with the similar needs of essential agencies of the Government of the United States, and will take steps accordingly, to ensure that the work of the United Nations is not prejudiced.

(b) Special provisions with reference to maintenance of utilities and underground construction are contained in Annex 2.

SECTION 18

The appropriate American authorities shall take all reasonable steps to ensure that the amenities of the headquarters district are not prejudiced and the purposes for which the district is required are not obstructed by any use made of the land in the vicinity of the district. The United Nations shall on its part take all reasonable steps to ensure that the amenities of the land in the vicinity of the headquarters district are not prejudiced by any use made of the land in the headquarters district by the United Nations.

SECTION 19

It is agreed that no form of racial or religious discrimination shall be permitted within the headquarters district.

Article VIII—Matters Relating to the Operation of This Agreement

SECTION 20

The Secretary-General and the appropriate American authorities shall settle by agreement the channels through which they will communicate regarding the application of the provisions of this agreement and other questions affecting the headquarters district, and may enter into such supplemental agreements as may be necessary to fulfill the

purposes of this agreement. In making supplemental agreements with the Secretary-General, the United States shall consult with the appropriate state and local authorities. If the Secretary-General so requests, the Secretary of State of the United States shall appoint a special representative for the purpose of liaison with the Secretary-General.

SECTION 21

(a) Any dispute between the United Nations and the United States concerning the interpretation or application of this agreement or of any supplemental agreement, which is not settled by negotiation or other agreed mode of settlement, shall be referred for final decision to a tribunal of three arbitrators, one to be named by the Secretary-General, one to be named by the Secretary of State of the United States, and the third to be chosen by the two, or, if they should fail to agree upon a third, then by the President of the International Court of Justice.

(b) The Secretary-General or the United States may ask the General Assembly to request of the International Court of Justice an advisory opinion on any legal question arising in the course of such proceedings. Pending the receipt of the opinion of the Court, an interim decision of the arbitral tribunal shall be observed on both parties. Thereafter, the arbitral tribunal shall render a final decision, having regard to the opinion of the Court.

Article IX—Miscellaneous Provisions

SECTION 22

(a) The United Nations shall not dispose of all or any part of the land owned by it in the headquarters district without the consent of the United States. If the United States is unwilling to consent to a disposition which the United Nations wishes to make of all or any part of such land, the United States shall buy the same from the United Nations at a price to be determined as provided in paragraph (d) of this section.

(b) If the seat of the United Nations is removed from the headquarters district, all right, title and interest of the United Nations in and to real property in the headquarters district or any part of it shall, on request of either the United Nations or the United States, be assigned and conveyed to the United States. In the absence of such request, the same shall be assigned and conveyed to the subdivision of a state in which it is located or, if such subdivision shall not desire it, then to the state in which it is located. If none of the foregoing desires the same, it may be disposed of as provided in paragraph (a) of this section.

(c) If the United Nations disposes of all or any part of the headquarters district, the provisions of other sections of this agreement which apply to the headquarters district shall immediately cease to apply to the land and buildings so disposed of.

(d) The price to be paid for any conveyance under this section shall, in default of agreement, be the then fair value of the land, buildings and installations, to be determined under the procedure provided in Section 21.

SECTION 23

The seat of the United Nations shall not be removed from the headquarters district unless the United Nations should so decide.

SECTION 24

This agreement shall cease to be in force if the seat of the United Nations is removed from the territory of the United States, except for such provisions as may be applicable in connection with the orderly termination of the operations of the United Nations at its seat in the United States and the disposition of its property therein.

SECTION 25

Whenever this agreement imposes obligations on the appropriate American authorities, the Government of the United States shall have the ultimate responsibility for the fulfillment of such obligations by the appropriate American authorities.

SECTION 26

The provisions of this agreement shall be complementary to the provisions of the General Convention. In so far as any provision of this agreement and any provisions of the General Convention relate to the same subject matter, the two provisions shall, wherever possible, be treated as complementary, so that both provisions shall be applicable and neither shall narrow the effect of the other; but in any case of absolute conflict, the provisions of this agreement shall prevail.

SECTION 27

This agreement shall be construed in the light of its primary purpose to enable the United Nations at its headquarters in the United States, fully and efficiently to discharge its responsibilities and fulfill its purposes.

SECTION 28

This agreement shall be brought into effect by an exchange of notes between the Secretary-General, duly authorized pursuant to a resolution of the General Assembly of the United Nations, and the appropriate executive officer of the United States, duly authorized pursuant to appropriate action of the Congress.

IN WITNESS WHEREOF the respective representatives have signed this Agreement and have affixed their seals hereto.

DONE in duplicate, in the English and French languages, both authentic, at Lake Success the twenty-sixth day of June 1947.

For the Government of the United States of America:

G. C. MARSHALL
Secretary of State

For the United Nations:

TRYGVE LIE
Secretary-General

ANNEX 1

The area referred to in Section 1(a) (1) consists of (a) the premises bounded on the East by the westerly side of Franklin D. Roosevelt

Drive, on the West by the easterly side of First Avenue, on the North by the southerly side of East Forty-eighth Street, and on the South by the northerly side of East Forty-second Street, all as proposed to be widened, in the Borough of Manhattan, City and State of New York, and (b) an easement over Franklin D. Roosevelt Drive, above a lower limiting plane to be fixed for the construction and maintenance of an esplanade, together with the structures thereon and foundations and columns to support the same in locations below such limiting plane, the entire area to be more definitely defined by supplemental agreement between the United Nations and the United States of America.

Annex 2—Maintenance of Utilities and Underground Construction

SECTION 1

The Secretary-General agrees to provide passes to duly authorized employees of The City of New York, the State of New York, or any of their agencies or subdivisions, for the purpose of enabling them to inspect, repair, maintain, reconstruct and relocate utilities, conduits, mains and sewers within the headquarters district.

SECTION 2

Underground constructions may be undertaken by The City of New York, or the State of New York, or any of their agencies or subdivisions, within the headquarters district only after consultation with the Secretary-General, and under conditions which shall not disturb the carrying out of the functions of the United Nations.

Sec. 2. For the purpose of carrying out the obligations of the United States under said agreement and supplemental agreements with respect to United States assurances that the United Nations shall not be dispossessed of its property in the headquarters district, and with respect to the establishment of radio facilities and the possible establishment of an airport:

(a) The President of the United States, or any official or governmental agency authorized by the President, may acquire in the name of the United States any property or interest therein by purchase, donation, or other means of transfer, or may cause proceedings to be instituted for the acquisition of the same by condemnation.

(b) Upon the request of the President, or such officer as the President may designate, the Attorney General of the United States shall cause such condemnation or other proceedings to be instituted in the name of the United States in the district court of the United States for the district in which the property is situated and such court shall have full jurisdiction of such proceedings, and any condemnation proceedings shall be conducted in accordance with the Act of August 1, 1888 (25 Stat. 357), as amended, and the Act of February 26, 1931 (46 Stat. 1421), as amended.

(c) After the institution of any such condemnation proceedings, possession of the property may be taken at any time the President, or such officer as he may designate, determines is necessary, and the court shall enter such orders as may be necessary to effect entry and occupancy of the property.

(d) The President of the United States, or any officer or governmental agency duly authorized by the President, may, in the name of the United States, transfer or convey possession of and title to any interest in any property acquired or held by the United States, pursuant to paragraph (a) above, to the United Nations on the terms provided in the agreement or in any supplemental agreement, and shall execute and deliver such conveyances and other instruments and perform such other acts in connection therewith as may be necessary to carry out the provisions of the agreement.

(e) There are authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required to enable the United States to carry out the undertakings hereby authorized: *Provided*, That any money appropriated under this authorization shall be spent only on a basis of reimbursement by the United Nations in accordance with section 3 of the agreement, and that the money thus reimbursed shall be deposited and covered into the Treasury of the United States as miscellaneous receipts.

SEC. 3. The President, or the Secretary of State under his direction, is authorized to enter into agreements with the State of New York or any other State of the United States and to the extent not inconsistent with State law, with any one or more of the political subdivisions thereof in aid of effectuating the provisions of the agreement.

SEC. 4. Any States, or, to the extent not inconsistent with State law, any political subdivisions thereof, affected by the establishment of the headquarters of the United Nations in the United States are authorized to enter into agreements with the United Nations or with each other consistent with the agreement and for the purpose of facilitating compliance with the same: *Provided*, That, except in cases of emergency and agreements of a routine contractual character, a representative of the United States, to be appointed by the Secretary of State, may, at the discretion of the Secretary of State, participate in the negotiations, and that any such agreement entered into by such State or States or political subdivisions thereof shall be subject to approval by the Secretary of State.

SEC. 5. The President is authorized to make effective with respect to the temporary headquarters of the United Nations in the State of New York, on a provisional basis, such of the provisions of the agreement as he may deem appropriate, having due regard for the needs of the United Nations at its temporary headquarters.

SEC. 6. Nothing in the agreement shall be construed as in any way diminishing, abridging, or weakening the right of the United States to safeguard its own security and completely to control the entrance of aliens into any territory of the United States other than the headquarters district and its immediate vicinity, as to be defined and fixed in a supplementary agreement between the Government of the United States and the United Nations in pursuance of section 13 (3) (e) of the agreement, and such areas as it is reasonably necessary to traverse in transit between the same and foreign countries. Moreover, nothing in section 14 of the agreement with respect to facilitating entrance into the United States by persons who wish to visit the headquarters district and do not enjoy the right of entry provided in section 11 of the agreement shall be construed to amend or suspend in any way the immigration laws of the United States or to commit the United States in any way to effect any amendment or suspension of such laws.

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4. Appropriations Limitation on Contributions to International Organizations, July 10, 1952[1]

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For expenses necessary to meet annual obligations to international organizations, the Government of Panama, and Gorgas Memorial Institute, pursuant to treaties, conventions, or specific Acts of Congress, $30,484,749. No representative of the United States Government in any international organization after fiscal year 1953 shall make any commitment requiring the appropriation of funds for a contribution by the United States in excess of 33⅓ per centum of the budget of any international organization for which the appropriation for the United States contribution is contained in this Act: *Provided, however*, That this section shall not apply to the United States representatives to the inter-American organizations.

No representative of the United States Government to any international organization of which the United States is not now a member shall, unless specifically authorized in an appropriation Act or other law, make any commitment requiring the appropriation of funds for a contribution by the United States in excess of 33⅓ per centum of the budget of such international organization.

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[1] Public Law 495, 82d Cong., 2d sess. This provision in the Departments of State, Justice, Commerce, and the Judiciary Appropriations Act, 1953, had been contained in previous such Acts but was dropped in the 1954 Act because of assurances that future United States assessments for the United Nations would not exceed 33⅓ percent of the U.N. budget. Subsequently the International Civil Aeronautics Organization and the Caribbean Commission were also excepted, and the Food and Agriculture Organization was limited to $3 million. A 25 percent limitation was placed on the International Labor Organization, and contributions to certain smaller international organizations have been limited to specified amounts.

See also sec. 306(a) of the Mutual Security Act of 1954, as amended.

F. FOREIGN ECONOMIC POLICY

1. Export-Import Bank Act of 1945, as Amended

AN ACT To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export-Import Bank Act of 1945." [1]

SEC. 2. (a)[2] There is hereby created a corporation with the name Export-Import Bank of Washington, which shall be an agency of the United States of America. The objects and purposes of the Bank shall be to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof. In connection with and in furtherance of its objects and purposes, the Bank is authorized and empowered to do a general banking business except that of circulation; to receive deposits; to purchase, discount, rediscount, sell, and negotiate, with or without its endorsement or guaranty, and to guarantee notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness; to purchase, sell, and guarantee securities but not to purchase with its funds any stock in any other corporation except that it may acquire any such stock through the enforcement of any lien or pledge or otherwise to satisfy a previously contracted indebtedness to it; to accept bills and drafts drawn upon it; to issue letters of credit; to purchase and sell coin, bullion, and exchange; to borrow and to lend money; to perform any act herein authorized in participation with any other person, including any individual, partnership, corporation, or association; to adopt, alter, and use a corporate seal, which shall be judicially noticed; to sue and to be sued; to complain and to defend in any court of competent jurisdiction; and the enumeration of the foregoing powers shall not be deemed to exclude other powers necessary to the achievement of the objects and purposes of the Bank. The Bank shall be entitled to the

[1] 12 U. S. C. § 635 note.

[2] 12 U. S. C. § 635. Subsection (a) amended by Act December 28, 1945 (59 Stat. 666), and by Act June 9, 1947 (61 Stat. 130). Immediately before the 1947 amendment, subsection (a) read as follows:

"SEC. 2. (a) The Export-Import Bank of Washington, District of Columbia, a banking corporation organized under the laws of the District of Columbia as an agency of the United States, is continued as an agency of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, it is hereby authorized and empowered to make loans, to discount, rediscount or guarantee notes, drafts, bills of exchange, and other evidences of debt, or participate in the same, for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States or any of its territories or insular possessions and any foreign country (or the Philippine Islands) or the agencies or nationals thereof. The Bank is hereby authorized to use all its assets, including capital and net earnings therefrom, and to use all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency."

use of the United States mails in the same manner and upon the same conditions as the executive departments of the Government. The Bank is hereby authorized to use all of its assets and all moneys which have been or may hereafter be allocated to or borrowed by it in the exercise of its functions. Net earnings of the Bank after reasonable provision for possible losses shall be used for payment of dividends on capital stock. Any such dividends shall be deposited into the Treasury as miscellaneous receipts.

(b) It is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment.

(c)[3] (1) The Export-Import Bank of Washington is further authorized, in the manner and to the extent herein specified, to provide insurance in an aggregate amount not in excess of $100,000,000 outstanding at any one time for the benefit of citizens of the United States, including corporations, partnerships, and associations organized and existing under the laws of the United States or any State, District, Territory, or possession thereof, against the risks of loss of or damage to tangible personal property of United States origin which is exported from the United States in commercial intercourse and is located in any friendly foreign country, to the extent that such loss or damage results from hostile or warlike action in time of peace or war, including civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or from an order of any government or public authority confiscating, expropriating, or requisitioning such property and to the extent that such property is owned in whole or in part by the assured or constitutes security for financial obligations owed to the assured.

(2) Insurance may be provided pursuant to this subsection only to the extent that it cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business in any State of the United States and to the extent that it cannot be obtained from any agency of the United States Government providing marine or air war-risk insurance.

(3) In providing insurance pursuant to this subsection, the Bank may reinsure in whole or in part any company authorized to do an insurance business in any State of the United States or may employ any such company or group of companies to act as its underwriting agent in the issuance of such insurance and the adjustment of claims arising thereunder.

(4) Subject to the limitations herein provided, the Bank shall from time to time determine the terms and conditions under which it will provide insurance pursuant to this subsection: *Provided, however*, That such insurance shall be based, insofar as practicable, upon consideration of the risk involved: *And provided further*, That the term of coverage of any such insurance shall not exceed one year, subject to renewal or extension from time to time for periods of not exceeding one year as may be determined by the Bank.

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[3] Subsection (c) added by Act May 21, 1953 (67 Stat. 28).

SEC. 3.[4] (a) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the Bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

(b) There shall be a President of the Export-Import Bank of Washington, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of $21,000[5] per annum, and who shall serve as chief executive officer of the Bank. There shall be a First Vice President of the Bank, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of $20,500[6] per annum, who shall serve as President of the Bank during the absence or disability of or in the event of a vacancy in the office of President of the Bank, and who shall at other times perform such functions as the President of the Bank may from time to time prescribe.

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[4] 12 U. S. C. § 635a. Section 3 amended by Act October 15, 1949 (63 Stat. 880), and by Act August 9, 1954 (68 Stat. 677). Immediately before the 1954 amendment section 3 read as follows:

"SEC. 3. (a) (1) The management of the Export-Import Bank of Washington shall be vested in a Board of Directors consisting of the Administrator of the Foreign Economic Administration, who shall serve as Chairman, the Secretary of State, and three persons appointed by the President of the United States by and with the advice and consent of the Senate. The Secretary of State, to such extent as he deems it advisable, may designate to act for him in the discharge of his duties as a member of the Board of Directors any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

"(2) If the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the President of the United States shall appoint by and with the advice and consent of the Senate another member of the Board of Directors. The member so appointed shall serve for the remainder of the existing terms of the other three appointed members, but successors shall be appointed for terms of five years. After the Foreign Economic Administrator ceases to be a member of the Board of Directors the President of the United States shall, from time to time, designate one of the members of the Board to serve as Chairman.

"(3) Of the five members of the Board, not more than three shall be members of any one political party. Each of the appointed directors shall devote his time not otherwise required by the business of the United States principally to the business of the Bank. Before entering upon his duties each of the directors so appointed and each officer of the Bank shall take an oath faithfully to discharge the duties of his office. The terms of the appointed directors shall be five years, except that the terms of the directors first appointed shall run from the date of appointment until June 30, 1950. Whenever a vacancy occurs among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. Each of the appointed directors shall receive a salary at the rate of $15,000 per annum, unless he is an officer of the Bank, in which event he may elect to receive the salary of such officer. No director, officer, attorney, agent, or employee of the Bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

"(b) A majority of the Board of Directors shall constitute a quorum.

"(c) The Board of Directors shall adopt such bylaws as are necessary for the proper management and functioning of the Export-Import Bank of Washington, and may amend the same.

"(d) There shall be an Advisory Board consisting of the Chairman of the Export-Import Bank of Washington, who shall serve as Chairman, the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Board of Governors of the Federal Reserve System, which shall meet at the call of the Chairman. The Advisory Board may make such recommendations to the Board of Directors as it deems advisable, and the Board of Directors shall consult the Advisory Board on major questions of policy.

"(e) Until October 31, 1945, or until at least two of the members of the Board of Directors to be appointed have qualified as such directors, whichever is the earlier, the affairs of the Bank shall continue to be managed by the existing Board of Trustees.

"(f) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the Bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide."

(Also see Reorganization Plan No. 5 of 1953 (67 Stat. 637).)

[5] Increased by section 104 (a) (11) of the Federal Executive Pay Act of 1956 (70 Stat. 736). Also see 5 U. S. C. § 2203 (a) (11).

[6] Increased by section 105 (31) of the Federal Executive Pay Act of 1956 (70 Stat. 737). Also see 5 U. S. C. § 2204 (31).

(c) There shall be a Board of Directors of the Bank consisting of the President of the Export-Import Bank of Washington who shall serve as Chairman, the First Vice President who shall serve as Vice Chairman, and three additional persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the Board, not more than three shall be members of any one political party. Each director, other than the President of the Export-Import Bank and the Vice President of the Export-Import Bank, shall receive a salary at the rate of $20,000 [7] per annum. Before entering upon his duties, each of the directors shall take an oath faithfully to discharge the duties of his office. Terms of the directors shall be at the pleasure of the President of the United States, and the directors, in addition to their duties as members of the Board, shall perform such additional duties and may hold such other offices in the administration of the Bank as the President of the Bank may from time to time prescribe. A majority of the Board of Directors shall constitute a quorum. The Board of Directors shall adopt, and may from time to time amend, such bylaws as are necessary for the proper management and functioning of the Bank, and shall, in such bylaws, designate the vice presidents and other officers of the Bank and prescribe their duties.

(d) There shall be an Advisory Committee of nine members, appointed by the Board of Directors on the recommendation of the President of the Bank, who shall be broadly representative of production, commerce, finance, agriculture, and labor. The Advisory Committee shall meet one or more times per year, on the call of the President of the Bank, to advise with the Bank on its program. Members of the Advisory Committee shall be paid a per diem allowance of $50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Committee, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed $10 per diem in lieu of subsistence and other expenses.

(e) No director, officer, attorney, agent, or employee of the bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

SEC. 4.[8] The Export-Import Bank of Washington shall have a capital stock of $1,000,000,000 subscribed by the United States. Payments for $1,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the common stock heretofore issued by the Bank and purchased by the United States. Payment for $174,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the preferred stock heretofore issued by the Bank and purchased by the Reconstruction Finance Corporation. Payment for the $825,000,000 balance of such capital stock shall be subject to call at any time in whole or in part by the Board of Directors of the Bank. For the purpose of making payments of such balance, the Secretary of the Treasury is authorized to use as

[7] Increased by section 106 (a) (45) of the Federal Executive Pay Act of 1956 (70 Stat. 738). Also see 5 U. S. C. § 2205 (a) (45).
[8] 12 U. S. C. § 635b.

a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Act are extended to include such purpose. Payment under this section of the subscription of the United States to the Bank and repayments thereof shall be treated as public-debt transactions of the United States. Certificates evidencing stock ownership of the United States shall be issued by the Bank to the President of the United States, or to such other person or persons as he may designate from time to time to the extent of the common and preferred stock surrendered and other payments made for the capital stock of the Bank under this section.

SEC. 5.[9] (a) The Secretary of the Treasury shall pay to the Reconstruction Finance Corporation the par value of the preferred stock upon its surrender to the Bank for cancellation. For the purpose of making such payments to the Reconstruction Finance Corporation the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities mey be issued under that Act are extended to include such purpose. Payment under this subsection to the Reconstruction Finance Corporation shall be treated as public-debt transactions of the United States.

(b) Any dividends on the preferred stock accumulated and unpaid to the date of its surrender for cancellation shall be paid to the Reconstruction Finance Corporation by the Bank.

SEC. 6.[10] The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed $6,000,000,000. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Bank. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-

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[9] 12 U. S. C. § 635c.

[10] 12 U. S. C. § 635d. Section 6 amended by Act June 9, 1947 (61 Stat. 130); Act October 3, 1951 (65 Stat. 367); Act August 9, 1954 (68 Stat. 677); and Act May 22, 1958 (72 Stat. 133). It originally read as follows:

"SEC. 6. The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed two and one-half times the authorized capital stock of the Bank. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity and bear such rate of interest as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States."

debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States.

SEC. 7.[11] The Export-Import Bank of Washington shall not have outstanding at any one time loans, guaranties, and insurance in an aggregate amount in excess of $7,000,000,000.

SEC. 8.[12] The Export-Import Bank of Washington shall continue to exercise its functions in connection with and in furtherance of its objects and purposes until the close of business on June 30, 1963, but the provisions of this section shall not be construed as preventing the Bank from acquiring obligations prior to such date which mature subsequent to such date or from assuming prior to such date liability as guarantor, endorser, or acceptor of obligations which mature subsequent to such date, or from issuing, either prior or subsequent to such date, for purchase by the Secretary of the Treasury, its notes, debentures, bonds, or other obligations which mature subsequent to such date or from continuing as a corporate agency of the United States and exercising any of its functions subsequent to such date for purposes of orderly liquidation, including the administration of its assets and the collection of any obligations held by the Bank.

SEC. 9.[13] The Export-Import Bank of Washington shall transmit to the Congress semiannually a complete and detailed report of its operations. The report shall be as of the close of business on June 30 and December 31 of each year.

SEC. 10. Section 9 of the Act of January 31, 1935 (49 Stat. 4, ch. 2), as amended, is repealed.

SEC. 11.[14] Notwithstanding the provisions of section 955 of Title 18, U. S. Code, any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank of Washington in any operation or transaction, or may acquire any obligation issued in connection with any operation or transaction, engaged in by the Bank.

SEC. 12.[15] The Export-Import Bank of Washington created hereby shall by virtue of this Act succeed to all of the rights and assume all of the liabilities of Export-Import Bank of Washington, a District of Columbia corporation, and any outstanding capital stock of the Dis-

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[11] 12 U. S. C. § 635e. Section 7 amended by Act October 3, 1951 (65 Stat. 367); Act May 21, 1953 (67 Stat. 28); Act August 9, 1954 (68 Stat. 677); and Act May 22, 1958 (72 Stat. 133). It originally read as follows:

"SEC. 7. The Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the authorized capital stock of the Bank."

[12] 12 U. S. C. § 635f. Section 8 amended by Act June 9, 1947 (61 Stat. 130); Act October 3, 1951 (65 Stat. 367); and Act June 17, 1957 (71 Stat. 82). It originally read as follows:

"SEC. 8. The provisions of the existing charter of the Bank relating to the term of its existence, to the management of its affairs, and to its capital stock are superseded by the provisions of this Act and the Bank shall be exempt from compliance with any provisions of law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of District of Columbia corporations and from the payment of any fee or tax to the Recorder of Deeds of the District of Columbia determined upon the value or amount of capital stock of the Bank or any increase thereof."

[13] 12 U. S. C. § 635g.

[14] 12 U. S. C. § 635h. Section 11 amended by section 29 of the Act September 3, 1954 (68 Stat. 1237) by substituting "section 955 of Title 18, United States Code" in lieu of "the Act of April 13, 1934 (48 Stat., ch. 112, p. 574)".

[15] 12 U. S. C. § 6351. Section 12 added by Act June 9, 1947 (61 Stat. 130).

trict of Columbia corporation shall be deemed to have been issued by and shall be capital stock of the corporation created by this Act and all of the personnel, property, records, funds (including all unexpended balances of appropriations, allocations, or other funds now available), assets, contracts, obligations, and liabilities of the District of Columbia corporation are hereby transferred to, accepted, and assumed by the corporation created by this Act, without the necessity of any Act or Acts on the part of the corporation created by this Act or of the District of Columbia corporation, their officers, employees, or agents or of any other department or agency of the United States to carry out the purposes hereof and it shall be unnecessary to take any further action to effect the dissolution or liquidation of Export-Import Bank of Washington, a District of Columbia corporation. The members of the Board of Directors of the District of Columbia corporation, appointed pursuant to the provisions of the Export-Import Bank Act of 1945, shall, during the unexpired portion of the terms for which they were appointed, continue in office as members of the Board of Directors of the corporation created by this Act.

Approved July 31, 1945.

2. Bretton Woods Agreements Act, as Amended [1]
Approved July 31, 1945

AN ACT To provide for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Bretton Woods Agreements Act."

ACCEPTANCE OF MEMBERSHIP

SEC. 2.[2] The President is hereby authorized to accept membership for the United States in the International Monetary Fund (hereinafter referred to as the "Fund"), and in the International Bank for Reconstruction and Development (hereinafter referred to as the "Bank"), provided for by the Articles of Agreement of the Fund and the Articles of Agreement of the Bank as set forth in the Final Act of the United Nations Monetary and Financial Conference dated July 22, 1944, and deposited in the archives of the Department of State.

APPOINTMENT OF GOVERNORS, EXECUTIVE DIRECTORS, AND ALTERNATES

SEC. 3.[3] (a) The President, by and with the advice and consent of the Senate, shall appoint a governor of the Fund who shall also serve as a governor of the Bank, and an executive director of the Fund and an executive director of the Bank. The executive directors so appointed shall also serve as provisional executive directors of the Fund and the Bank for the purposes of the respective Articles of Agreement. The term of office for the governor of the Fund and of the Bank shall be five years. The term of office for the executive directors shall be two years, but the executive directors shall remain in office until their successors have been appointed.

(b) The President, by and with the advice and consent of the Senate, shall appoint an alternate for the governor of the Fund who

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[1] 59 Stat. 512–517; 62 Stat. 137, 141; 63 Stat. 298–299; 65 Stat. 373–378; 67 Stat. 637; 67 Stat. 639, 640; 68 Stat. 677, 678; 69 Stat. 669; 22 U. S. C. 286–286k–1.

[2] 22 U. S. C. 286.

[3] 22 U. S. C. 286a. Sec. 3 of the International Finance Corporation Act, approved August 11, 1955 (69 Stat. 669; 22 U. S. C. 282a), provides as follows:

"GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

"SEC. 3. The governor and executive director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286a) shall serve as governor, director and alternates, respectively, of the Corporation."

shall also serve as alternate for the governor of the Bank. The President, by and with the advice and consent of the Senate, shall appoint an alternate for each of the executive directors. The alternate for each executive director shall be appointed from among individuals recommended to the President by the executive director. The terms of office for alternates for the governor and the executive directors shall be the same as the terms specified in subsection (a) for the governor and executive directors.

(c) No person shall be entitled to receive any salary or other compensation from the United States for services as a governor, executive director, or alternate.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4.[4] (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the "Council"), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System,[5] the President of the Export-Import Bank of Washington, and during such period as the Foreign Operations Administration shall continue to exist, the Director of the Foreign Operations Administration.

(b) (1) The Council, after consultation with the representatives of the United States on the Fund and the Bank, shall recommend to the

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[4] 22 U. S. C. 286b. Sec. 4 of the International Finance Corporation Act, approved August 11, 1955 (69 Stat. 669; 22 U. S. C. 282b), provides as follows:

"NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

"SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286b), shall apply with respect to the Corporation to the same extent as with respect to the International Bank for Reconstruction and Development. Reports with respect to the Corporation under paragraphs 5 and 6 of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Corporation and in each succeeding report."

[5] The material following "* * * Federal Reserve System," read as follows in the original act: "and the Chairman of the Board of Trustees of the Export-Import Bank of Washington." Subsection 4 (a) has been amended by the following:

(1) The Economic Corporation Act of 1948, approved Apr. 3, 1948 (62 Stat. 137, 141), sec. 106 of which amended subsec. 4 (a) so as to include the Administrator for Economic Cooperation "during such period as the Economic Cooperation Administration shall continue to exist".

(2) The Mutual Security Act of 1951, approved Oct. 10, 1951 (65 Stat. 373, 378), sec. 501 (e) (2) of which amended subsec. 4 (a), by substituting the Mutual Security Agency and the Director for Mutual Security for the Economic Cooperation Administration and the Administrator for Economic Cooperation respectively;

(3) Reorganization Plan No. 5 of 1953, effective June 30, 1953 (67 Stat. 637), sec. 7 of which abolished the function of the Chairman of the Board of Directors of the Export-Import Bank of Washington of being a member of the National Advisory Council;

(4) Reorganization Plan No. 7 of 1953, effective Aug. 1, 1953 (67 Stat. 639, 640), sec. 4 of which provided that the Director of the Foreign Operations Administration should be a member of the National Advisory Council;

(5) Public Law 570, 83d Cong., approved Aug. 9, 1954 (68 Stat. 677, 678), sec. 2 of which inserted the part of the text quoted above following "* * * the Federal Reserve System,".

Executive Order 10610 of May 9, 1955, effective July 1, 1955 (see page 126), abolished the Foreign Operations Administration and the Office of Director of the Foreign Operations Administration, and the membership of the Director of the Foreign Operations Administration on the National Advisory Council thereby expired by operation of law effective on that date (Semiannual Report of the National Advisory Council to the President and to the Congress, January–June 1955, H. Doc. No. 336, 84th Cong.).

President general policy directives for the guidance of the representatives of the United States on the Fund and the Bank.

(2) The Council shall advise and consult with the President and the representatives of the United States on the Fund and the Bank on major problems arising in the administration of the Fund and the Bank.

(3) The Council shall coordinate, by consultation or otherwise, so far as is practicable, the policies and operations of the representatives of the United States on the Fund and the Bank, the Export-Import Bank of Washington and all other agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange or monetary transactions.

(4) Whenever, under the Articles of Agreement of the Fund or the Articles of Agreement of the Bank, the approval, consent or agreement of the United States is required before an act may be done by the respective institutions, the decision as to whether such approval, consent, or agreement, shall be given or refused shall (to the extent such decision is not prohibited by section 5 of this Act) be made by the Council, under the general direction of the President. No governor, executive director, or alternate representing the United States shall vote in favor of any waiver of condition under article V, section 4, or in favor of any declaration of the United States dollar as a scarce currency under article VII, section 3, of the Articles of Agreement of the Fund, without prior approval of the Council.

(5) The Council from time to time, but not less frequently than every six months, shall transmit to the President and to the Congress a report with respect to the participation of the United States in the Fund and the Bank.

(6) The Council shall also transmit to the President and to the Congress special reports on the operations and policies of the Fund and the Bank, as provided in this paragraph. The first report shall be made not later than two years after the establishment of the Fund and the Bank, and a report shall be made every two years after the making of the first report. Each such report shall cover and include: The extent to which the Fund and the Bank have achieved the purposes for which they were established; the extent to which the operations and policies of the Fund and the Bank have adhered to, or departed from, the general policy directives formulated by the Council, and the Council's recommendations in connection therewith; the extent to which the operations and policies of the Fund and the Bank have been coordinated, and the Council's recommendations in connection therewith; recommendations on whether the resources of the Fund and the Bank should be increased or decreased; recommendations as to how the Fund and the Bank may be made more effective; recommendations on any other necessary or desirable changes in the Articles of Agreement of the Fund and of the Bank or in this Act; and an overall appraisal of the extent to which the operations and policies of the Fund and the Bank have served, and in the future may be expected to serve, the interests of the United States and the world in promoting sound international economic cooperation and furthering world security.[6]

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[6] See sec. 15 (b).

(7) The Council shall make such reports and recommendations to the President as he may from time to time request, or as the Council may consider necessary to more effectively or efficiently accomplish the purposes of this Act or the purposes for which the Council is created.

(c) The representatives of the United States on the Fund and the Bank, and the Export-Import Bank of Washington (and all other agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange or monetary transactions) shall keep the Council fully informed of their activities and shall provide the Council with such further information or data in their possession as the Council may deem necessary to the appropriate discharge of its responsibilities under this Act.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5.[7] Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States (a) request or consent to any change in the quota of the United States under article III, section 2, of the Articles of Agreement of the Fund; (b) propose or agree to any change in the par value of the United States dollar under article IV, section 5, or article XX, section 4, of the Articles of Agreement of the Fund, or approve any general change in par values under article IV, section 7; (c) subscribe to additional shares of stock under article II, section 3, of the Articles of Agreement of the Bank; (d) accept any amendment under article XVII of the Articles of Agreement of the Fund or article VIII of the Articles of Agreement of the Bank; (e) make any loan to the Fund or the Bank. Unless Congress by law authorizes such action, no governor or alternate appointed to represent the United States shall vote for an increase of capital stock of the Bank under article II, section 2, of the Articles of Agreement of the Bank.

DEPOSITORIES

SEC. 6.[8] Any Federal Reserve bank which is requested to do so by the Fund or the Bank shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) Subsection (c) of section 10 of the Gold Reserve Act of 1934, as amended (U. S. C., title 31, sec. 822a), is amended to read as follows:

"(c)[9] The Secretary of the Treasury is directed to use $1,800,000,000 of the fund established in this section to pay part of the subscription of the United States to the International Monetary Fund; and any repayment thereof shall be covered into the Treasury as a miscellaneous receipt."

[7] 22 U. S. C. 286c.
[8] 22 U. S. C. 286d.
[9] 31 U. S. C. 822a (c).

(b)[10] The Secretary of the Treasury is authorized to pay the balance of the subscription of the United States to the Fund not provided for in subsection (a) and to pay the subscription of the United States to the Bank from time to time when payments are required to be made to the Bank. For the purpose of making these payments, the Secretary of the Treasury is authorized to use as a public-debt transaction $8,675,000,000 of the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection of the subscription of the United States to the Fund or the Bank and repayments thereof shall be treated as public-debt transactions of the United States.

(c) For the purpose of keeping to a minimum the cost to the United States of participation in the Fund and the Bank, the Secretary of the Treasury, after paying the subscription of the United States to the Fund, and any part of the subscription of the United States to the Bank required to be made under article II, section 7 (i), of the Articles of Agreement of the Bank, is authorized and directed to issue special notes of the United States from time to time at par and to deliver such notes to the Fund and the Bank in exchange for dollars to the extent permitted by the respective Articles of Agreement. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this subsection, but such notes shall bear no interest, shall be non-negotiable, and shall be payable on demand of the Fund or the Bank, as the case may be. The face amount of special notes issued to the Fund under the authority of this subsection and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the Fund, and the face amount of such notes issued to the Bank and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the bank under article II, section 7 (i), of the Articles of Agreement of the Bank.

(d) Any payment made to the United States by the Fund or the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

OBTAINING AND FURNISHING INFORMATION

SEC. 8.[11] (a) Whenever a request is made by the Fund to the United States as a member to furnish data under article VIII, section 5, of the Articles of Agreement of the Fund, the President may, through any agency he may designate, require any person to furnish such information as the President may determine to be essential to comply with such request. In making such determination the President shall seek to collect the information only in such detail as is necessary to comply with the request of the Fund. No information so acquired shall be furnished to the Fund in such detail that the affairs of any person are disclosed.

[10] Subsecs. (b) through (d) of sec. 7 are set forth in 22 U. S. C. 286c.
[11] 22 U. S. C. 286f.

(b) In the event any person refuses to furnish such information when requested to do so, the President, through any designated governmental agency, may by subpoena require such person to appear and testify or to appear and produce records and other documents, or both. In case of contumacy by, or refusal to obey a subpoena served upon any such person, the district court for any district in which such person is found or resides or transacts business, upon application by the President or any governmental agency designated by him, shall have jurisdiction to issue an order requiring such person to appear and give testimony or appear and produce records and documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(c) It shall be unlawful for any officer or employee of the Government, or for any advisor or consultant to the Government, to disclose, otherwise than in the course of official duty, any information obtained under this section, or to use any such information for his personal benefit. Whoever violates any of the provisions of this subsection shall, upon conviction, be fined not more than $5,000, or imprisoned for not more than five years, or both.

(d) The term "person" as used in this section means an individual partnership, corporation or association.

FINANCIAL TRANSACTIONS WITH FOREIGN GOVERNMENTS IN DEFAULT

SEC. 9. The Act entitled "An Act to prohibit financial transactions with any foreign government in default of its obligations to the United States", approved April 13, 1934 (U. S. C., title 31, sec. 804a), is amended by adding at the end thereof a new section to read as follows:

"SEC. 3.[12] While any foreign government is a member both of the International Monetary Fund and of the International Bank for Reconstruction and Development, this Act shall not apply to the sale or purchase of bonds, securities, or other obligations of such government or any political subdivision thereof or of any organization or association acting for or on behalf of such government or political subdivision, or to the making of any loan to such government, political subdivision, organization, or association."

JURISDICTION AND VENUE OF ACTIONS

SEC. 10.[13] For the purpose of any action which may be brought within the United States or its Territories or possessions by or against the Fund or the Bank in accordance with the Articles of Agreement of the Fund or the Articles of Agreement of the Bank, the Fund or the Bank, as the case may be, shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which either the Fund or the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When either the Fund or the Bank is a defendant in any such action,

[12] 18 U. S. C. 955.
[13] 22 U. S. C. 286g.

it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES AND PRIVILEGES

SEC. 11.[14] The provisions of article IX, sections 2 to 9, both inclusive, and the first sentence of article VIII, section 2 (b) of the Articles of Agreement of the Fund, and the provisions of article VI, section 5 (i), and article VII, sections 2 to 9, both inclusive, of the Articles of Agreement of the Bank, shall have full force and effect in the United States and its Territories and possessions upon acceptance of membership by the United States in, and the establishment of, the Fund and the Bank, respectively.

STABILIZATION LOANS BY THE BANK

SEC. 12.[15] The governor and executive director of the Bank appointed by the United States are hereby directed to obtain promptly an official interpretation by the Bank as to its authority to make or guarantee loans for programs of economic reconstruction and the reconstruction of monetary systems, including long-term stabilization loans. If the Bank does not interpret its powers to include the making or guaranteeing of such loans, the governor of the Bank representing the United States is hereby directed to propose promptly and support an amendment to the Articles of Agreement for the purpose of explicitly authorizing the Bank, after consultation with the Fund, to make or guarantee such loans. The President is hereby authorized and directed to accept an amendment to that effect on behalf of the United States.

STABILIZATION OPERATIONS BY THE FUND

SEC. 13.[16] (a) The governor and executive director of the Fund appointed by the United States are hereby directed to obtain promptly an official interpretation by the Fund as to whether its authority to use its resources extends beyond current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions, and whether it has authority to use its resources to provide facilities for relief, reconstruction, or armaments, or to meet a large or sustained outflow of capital on the part of any member.

(b) If the interpretation by the Fund answers in the affirmative any of the questions stated in subsection (a), the governor of the Fund representing the United States is hereby directed to propose promptly and support an amendment to the Articles of Agreement for the purpose of expressly negativing such interpretation. The President is hereby authorized and directed to accept an amendment to that effect on behalf of the United States.

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[14] 22 U. S. C. 286h.
[15] 22 U. S. C. 286i.
[16] 22 U. S. C. 286j.

FURTHER PROMOTION OF INTERNATIONAL ECONOMIC RELATIONS

SEC. 14.[17] In the realization that additional measures of international economic cooperation are necessary to facilitate the expansion and balanced growth of international trade and render most effective the operations of the Fund and the Bank, it is hereby declared to be the policy of the United States to seek to bring about further agreement and cooperation among nations and international bodies, as soon as possible, on ways and means which will best reduce obstacles to and restrictions upon international trade, eliminate unfair trade practices, promote mutually advantageous commercial relations, and otherwise facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations. In considering the policies of the United States in foreign lending and the policies of the Fund and the Bank, particularly in conducting exchange transactions, the Council and the United States representatives on the Fund and the Bank shall give careful consideration to the progress which has been made in achieving such agreement and cooperation.

SECURITIES ISSUED BY BANK AS EXEMPT SECURITIES; REPORTS FILED WITH SECURITIES AND EXCHANGE COMMISSION; ADDITIONAL DATA FOR REPORT OF NATIONAL ADVISORY COMMITTEE [18]

SEC. 15.[19] (a) Any securities issued by International Bank for Reconstruction and Development (including any guaranty by the Bank, whether or not limited in scope), and any securities guaranteed by the Bank as to both principal and interest, shall be deemed to be exempted securities within the meaning of paragraph (a) (2) of section 3 of the Act of May 27, 1933, as amended (U. S. C., title 15, sec. 77c), and paragraph (a) (12) of section 3 of the Act of June 6, 1934, as amended (U. S. C., title 15, sec. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors.

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[17] 22 U. S. C. 286k.

[18] Heading inserted by United States Code.

[19] 22 U. S. C. 286k-1. Sec. 15 added by sec. 2 of Public Law 142, 81st Cong., June 29, 1949 (63 Stat. 298-299). Sec. 1 of this law provides as follows:

"That paragraph Seventh of section 8 of the National Bank Act, as amended (U. S. C., title 12, sec. 24), is amended by adding to the end thereof the following new sentence: 'The limitations and restrictions herein contained as to dealing in and underwriting investment securities shall not apply to obligations issued by the International Bank for Reconstruction and Development which are at the time eligible for purchase by a national bank for its own account: *Provided*, That no association shall hold obligations issued by said bank as a result of underwriting, dealing, or purchasing for its own account (and for this purpose obligations as to which it is under commitment shall be deemed to be held by it) in a total amount exceeding at any one time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund'."

Sec. 3, of this law, provides as follows:

"SUSPENSION OF RIGHT OF INTERNATIONAL BANK TO ISSUE SECURITIES UNDER SECTION 286 K-1: REPORT OF SECURITIES AND EXCHANGE COMMISSION [22 U. S. C. 286k-2. Heading inserted by United States Code.]

"SEC. 3. The Securities and Exchange Commission acting in consultation with the National Advisory Council on International Monetary and Financial Problems is authorized to suspend the provisions of section 15 (a) of the Bretton Woods Agreements Act at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this Act and in connection therewith shall include any views submitted for such purpose by any association of dealers registered with the Commission."

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(b) The reports of the National Advisory Council provided for in section 4(a)(6) of the Bretton Woods Agreements Act shall also cover and include the effectiveness of the provisions of section 15(a) of this Act and the exemption for securities issued by the Bank provided by section 8 of the National Bank Act in facilitating the operations of the Bank and the extent to which the operations of the Bank may assist in financing European recovery and the reconstruction and development of the economic resources of member countries of the Bank and the recommendations of the Council as to any modifications it may deem desirable in the provisions of this Act.

SEC. 16.[20] (a) The United States Governor of the Fund is authorized to request and consent to an increase of $1,375,000,000 in the quota of the United States under article III, section 2, of the Articles of Agreement of the Fund, as proposed in the resolution of the Board of Governors of the Fund dated February 2, 1959.

(b) The United States Governor of the Bank is authorized (1) to vote for increases in the capital stock of the Bank under article II, section 2, of the Articles of Agreement of the Bank, as recommended in the resolution of the Board of Governors of the Bank dated February 2, 1959, and (2) if such increases become effective, to subscribe on behalf of the United States to thirty-one thousand seven hundred and fifty additional shares of stock under article II, section 3, of the Articles of Agreement of the Bank.

[20] Section 16 added by Sec. 1 of Public Law 86–48, June 17, 1959 (73 Stat. 80).

3. International Monetary Fund

Text of Articles of Agreement

The governments on whose behalf the present Agreement is signed agree as follows:

INTRODUCTORY ARTICLE

The International Monetary Fund is established and shall operate in accordance with the following provisions:

ARTICLE I. PURPOSES

The purposes of the International Monetary Fund are:

(i) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems.

(ii) To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.

(iii) To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.

(iv) To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

(v) To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

(vi) In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances and payments of members.

The Fund shall be guided in all its decisions by the purposes set forth in this Article.

ARTICLE II. MEMBERSHIP

SECTION 1. *Original members.*—The original members of the Fund shall be those of the countries represented at the United Nations Monetary and Financial Conference whose governments accept membership before the date specified in Article XX, Section 2 (*e*).

SEC. 2. *Other members.*—Membership shall be open to the governments of other countries at such times and in accordance with such terms as may be prescribed by the Fund.

Article III. Quotas and Subscriptions

Section 1. *Quotas.*—Each member shall be assigned a quota. The quotas of the members represented at the United Nations Monetary and Financial Conference which accept membership before the date specified in Article XX, Section 2 (*e*), shall be those set forth in Schedule A. The quotas of other members shall be determined by the Fund.

Sec. 2. *Adjustment of quotas.*—The Fund shall at intervals of five years review, and if it deems it appropriate propose an adjustment of, the quotas of the members. It may also, if it thinks fit, consider at any other time the adjustment of any particular quota at the request of the member concerned. A four-fifths majority of the total voting power shall be required for any change in quotas and no quota shall be changed without the consent of the member concerned.

Sec. 3. *Subscriptions: Time, place, and form of payment.*—(*a*) The subscription of each member shall be equal to its quota and shall be paid in full to the Fund at the appropriate depository on or before the date when the member becomes eligible under Article XX, Section 4 (*c*) or (*d*), to buy currencies from the Fund.

(*b*) Each member shall pay in gold, as a minimum, the smaller of—

(i) twenty-five percent of its quota; or

(ii) ten percent of its net official holdings of gold and United States dollars as at the date when the Fund notifies members under Article XX, Section 4 (*a*) that it will shortly be in a position to begin exchange transactions.

Each member shall furnish to the Fund the data necessary to determine its net official holdings of gold and United States dollars.

(*c*) Each member shall pay the balance of its quota in its own currency.

(*d*) If the net official holdings of gold and United States dollars of any member as at the date referred to in (*b*) (ii) above are not ascertainable because its territories have been occupied by the enemy, the Fund shall fix an appropriate alternative date for determining such holdings. If such date is later than that on which the country becomes eligible under Article XX, Section 4 (*c*) or (*d*), to buy currencies from the Fund, the Fund and the member shall agree on a provisional gold payment to be made under (*b*) above, and the balance of the member's subscription shall be paid in the member's currency, subject to appropriate adjustment between the member and the Fund when the net official holdings have been ascertained.

Sec. 4. *Payments when quotas are changed.*—(*a*) Each member which consents to an increase in its quota shall, within thirty days after the date of its consent, pay to the Fund twenty-five percent of the increase in gold and the balance in its own currency. If, however, on the date when the member consents to an increase, its monetary reserves are less than its new quota, the Fund may reduce the proportion of the increase to be paid in gold.

(*b*) If a member consents to a reduction in its quota, the Fund shall, within thirty days after the date of the consent, pay to the member an amount equal to the reduction. The payment shall be made in the member's currency and in such amount of gold as may be

necessary to prevent reducing the Fund's holdings of the currency below seventy-five percent of the new quota.

SEC. 5. *Substitution of securities for currency.*—The Fund shall accept from any member in place of any part of the member's currency which in the judgment of the Fund is not needed for its operations, notes or similar obligations issued by the member or the depository designated by the member under Article XIII, Section 2, which shall be non-negotiable, non-interest bearing and payable at their par value on demand by crediting the account of the Fund in the designated depository. This section shall apply not only to currency subscribed by members but also to any currency otherwise due to, or acquired by, the Fund.

ARTICLE IV. PAR VALUES OF CURRENCIES

SECTION 1. *Expression of par values.*—(*a*) The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

(*b*) All computations relating to currencies of members for the purpose of applying the provisions of this Agreement shall be on the basis of their par values.

SEC. 2. *Gold purchases based on par values.*—The Fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin.

SEC. 3. *Foreign exchange dealings based on parity.*—The maximum and the minimum rates for exchange transactions between the currencies of members taking place within their territories shall not differ from parity—

(i) in the case of spot exchange transactions, by more than one percent; and

(ii) in the case of other exchange transactions, by a margin which exceeds the margin for spot exchange transactions by more than the Fund considers reasonable.

SEC. 4. *Obligations regarding exchange stability.*—(*a*) Each member undertakes to collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements with other members, and to avoid competitive exchange alterations.

(*b*) Each member undertakes, through appropriate measures consistent with this Agreement, to permit within its territories exchange transactions between its currency and the currencies of other members only within the limits prescribed under Section 3 of this Article. A member whose monetary authorities, for the settlement of international transactions, in fact freely buy and sell gold within the limits prescribed by the Fund under Section 2 of this Article shall be deemed to be fulfilling this undertaking.

SEC. 5. *Changes in par values*—(*a*) A member shall not propose a change in the par value of its currency except to correct a fundamental disequilibrium.

(*b*) A change in the par value of a member's currency may be made only on the proposal of the member and only after consultation with the Fund.

(*c*) When a change is proposed, the Fund shall first take into account the changes, if any, which have already taken place in the initial par value of the member's currency as determined under Article XX, Section 4. If the proposed change, together with all previous changes, whether increases or decreases—

(i) does not exceed ten percent of the initial par value, the Fund shall raise no objection;

(ii) does not exceed a further ten percent of the initial par value, the Fund may either concur or object, but shall declare its attitude within seventy-two hours if the member so requests;

(iii) is not within (i) or (ii) above, the Fund may either concur or object, but shall be entitled to a longer period in which to declare its attitude.

(*d*) Uniform changes in par values made under Section 7 of this Article shall not be taken into account in determining whether a proposed change falls within (i), (ii), or (iii) of (*c*) above.

(*e*) A member may change the par value of its currency without the concurrence of the Fund if the change does not affect the international transactions of members of the Fund.

(*f*) The Fund shall concur in a proposed change which is within the terms of (*c*) (ii) or (*c*) (iii) above if it is satisfied that the change is necessary to correct a fundamental disequilibrium. In particular, provided it is so satisfied, it shall not object to a proposed change because of the domestic social or political policies of the member proposing the change.

SEC. 6. *Effect of unauthorized changes.*—If a member changes the par value of its currency despite the objection of the Fund, in cases where the Fund is entitled to object, the member shall be ineligible to use the resources of the Fund unless the Fund otherwise determines; and if, after the expiration of a reasonable period, the difference between the member and the Fund continues, the matter shall be subject to the provisions of Article XV, Section 2 (*b*).

SEC. 7. *Uniform changes in par values.*—Notwithstanding the provisions of Section 5 (*b*) of this Article, the Fund by a majority of the total voting power may make uniform proportionate changes in the par values of the currencies of all members, provided each such change is approved by every member which has ten percent or more of the total of the quotas. The par value of a member's currency shall, however, not be changed under this provision if, within seventy-two hours of the Fund's action, the member informs the Fund that it does not wish the par value of its currency to be changed by such action.

SEC. 8. *Maintenance of gold value of the Fund's assets.*—(*a*) The gold value of the Fund's assets shall be maintained notwithstanding changes in the par or foreign exchange value of the currency of any member.

(*b*) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Fund, depreciated to a significant extent within that member's territories, the member shall pay to the Fund within a reasonable time an amount of its own currency equal to the reduction in the gold value of its currency held by the Fund.

(*c*) Whenever the par value of a member's currency is increased, the Fund shall return to such member within a reasonable time an

amount in its currency equal to the increase in the gold value of its currency held by the Fund.

(*d*) The provisions of this section shall apply to a uniform proportionate change in the par values of the currencies of all members, unless at the time when such a change is proposed the Fund decides otherwise.

SEC. 9. *Separate currencies within a member's territories.*—A member proposing a change in the par value of its currency shall be deemed, unless it declares otherwise, to be proposing a corresponding change in the par value of the separate currencies of all territories in respect of which it has accepted this Agreement under Article XX, Section 2 (*g*). It shall, however, be open to a member to declare that its proposal relates either to the metropolitan currency alone, or only to one or more specified separate currencies, or to the metropolitan currency and one or more specified separate currencies.

ARTICLE V. TRANSACTIONS WITH THE FUND

SECTION 1. *Agencies dealing with the Fund.*—Each member shall deal with the Fund only through its treasury, central bank, stabilization fund, or other similar fiscal agency and the Fund shall deal only with or through the same agencies.

SEC. 2. *Limitation on the Fund's operations.*—Except as otherwise provided in this Agreement, operations on the account of the Fund shall be limited to transactions for the purpose of supplying a member, on the initiative of such member, with the currency of another member in exchange for gold or for the currency of the member desiring to make the purchase.

SEC. 3. *Conditions governing use of the Fund's resources.*—(a) A member shall be entitled to buy the currency of another member from the Fund in exchange for its own currency subject to the following conditions:

(i) The member desiring to purchase the currency represents that it is presently needed for making in that currency payments which are consistent with the provisions of this Agreement;

(ii) The Fund has not given notice under Article VII, Section 3, that its holdings of the currency desired have become scarce;

(iii) The proposed purchase would not cause the Fund's holdings of the purchasing member's currency to increase by more than twenty-five percent of its quota during the period of twelve months ending on the date of the purchase nor to exceed two hundred percent of its quota, but the twenty-five percent limitation shall apply only to the extent that the Fund's holdings of the member's currency have been brought above seventy-five percent of its quota if they had been below that amount;

(iv) The Fund has not previously declared under Section 5 of this Article, Article IV, Section 6, Article VI, Section 1, or Article XV, Section 2 (*a*), that the member desiring to purchase is ineligible to use the resources of the Fund.

(*b*) A member shall not be entitled without the permission of the Fund to use the Fund's resources to acquire currency to hold against forward exchange transactions.

SEC. 4. *Waiver of conditions.*—The Fund may in its discretion, and on terms which safeguard its interests, waive any of the conditions

prescribed in Section 3 (*a*) of this Article, especially in the case of members with a record of avoiding large or continuous use of the Fund's resources. In making a waiver it shall take into consideration periodic or exceptional requirements of the member requesting the waiver. The Fund shall also take into consideration a member's willingness to pledge as collateral security gold, silver, securities, or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interests and may require as a condition of waiver the pledge of such collateral security.

SEC. 5. *Ineligibility to use the Fund's resources.*—Whenever the Fund is of the opinion that any member is using the resources of the Fund in a manner contrary to the purposes of the Fund, it shall present to the member a report setting forth the views of the Fund and prescribing a suitable time for reply. After presenting such a report to a member, the Fund may limit the use of its resources by the member. If no reply to the report is received from the member within the prescribed time, or if the reply received is unsatisfactory, the Fund may continue to limit the member's use of the Fund's resources or may, after giving reasonable notice to the member, declare it ineligible to use the resources of the Fund.

SEC. 6. *Purchases of currencies from the Fund for gold.*—(*a*) Any member desiring to obtain, directly or indirectly, the currency of another member for gold shall, provided that it can do so with equal advantage, acquire it by the sale of gold to the Fund.

(*b*) Nothing in this section shall be deemed to preclude any member from selling in any market gold newly produced from mines located within its territories.

SEC. 7. *Repurchase by a member of its currency held by the Fund.*—(*a*) A member may repurchase from the Fund and the Fund shall sell for gold any part of the Fund's holdings of its currency in excess of its quota.

(*b*) At the end of each financial year of the Fund, a member shall repurchase from the Fund with gold or convertible currencies, as determined in accordance with Schedule B, part of the Fund's holdings of its currency under the following conditions:

(i) Each member shall use in repurchases of its own currency from the Fund an amount of its monetary reserves equal in value to one-half of any increase that has occurred during the year in the Fund's holdings of its currency plus one-half of any increase, or minus one-half of any decrease, that has occurred during the year in the member's monetary reserves. This rule shall not apply when a member's monetary reserves have decreased during the year by more than the Fund's holdings of its currency have increased.

(ii) If after the repurchase described in (i) above (if required) has been made, a member's holdings of another member's currency (or of gold acquired from that member) are found to have increased by reason of transactions in terms of that currency with other members or persons in their territories, the member whose holdings of such currency (or gold) have thus increased shall use the increase to repurchase its own currency from the Fund.

(*c*) None of the adjustments described in (*b*) above shall be carried to a point at which—

(i) the member's monetary reserves are below its quota, or

(ii) the Fund's holdings of its currency are below seventy-five percent of its quota, or

(iii) the Fund's holdings of any currency required to be used are above seventy-five percent of the quota of the member concerned.

SEC. 8. *Charges.*—(*a*) Any member buying the currency of another member from the Fund in exchange for its own currency shall pay a service charge uniform for all members of three-fourths percent in addition to the parity price. The Fund in its discretion may increase this service charge to not more than one percent or reduce it to not less than one-half percent.

(*b*) The Fund may levy a reasonable handling charge on any member buying gold from the Fund or selling gold to the Fund.

(*c*) The Fund shall levy charges uniform for all members which shall be payable by any member on the average daily balances of its currency held by the Fund in excess of its quota. These charges shall be at the following rates:

(i) *On amounts not more than twenty-five percent in excess of the quota:* no charge for the first three months; one-half percent per annum for the next nine months; and thereafter an increase in the charge of one-half percent for each subsequent year.

(ii) *On amounts more than twenty-five percent and not more than fifty percent in excess of the quota:* an additional one-half percent for the first year; and an additional one-half percent for each subsequent year.

(iii) *On each additional bracket of twenty-five percent in excess of the quota:* an additional one-half percent for the first year; and an additional one-half percent for each subsequent year.

(*d*) Whenever the Fund's holdings of a member's currrency are such that the charge applicable to any bracket for any period has reached the rate of four percent per annum, the Fund and the member shall consider means by which the Fund's holdings of the currency can be reduced. Thereafter, the charges shall rise in accordance with the provisions of (*c*) above until they reach five percent and failing agreement, the Fund may then impose such charges as it deems appropriate.

(*e*) The rates referred to in (*c*) and (*d*) above may be changed by a three-fourths majority of the total voting power.

(*f*) All charges shall be paid in gold. If, however, the member's monetary reserves are less than one-half of its quota, it shall pay in gold only that proportion of the charges due which such reserves bear to one-half of its quota, and shall pay the balance in its own currency.

ARTICLE VI. CAPITAL TRANSFERS

SECTION 1. *Use of the Fund's resources for capital transfers.*—(*a*) A member may not make net use of the Fund's resources to meet a large or sustained outflow of capital, and the Fund may request a member to exercise controls to prevent such use of the resources of the Fund. If, after receiving such a request, a member fails to exercise appropriate controls, the Fund may declare the member ineligible to use the resources of the Fund.

(*b*) Nothing in this section shall be deemed—

(i) to prevent the use of the resources of the Fund for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking or other business, or

(ii) to affect capital movements which are met out of a member's own resources of gold and foreign exchange, but members undertake that such capital movements will be in accordance with the purposes of the Fund.

SEC. 2. *Special provisions for capital transfers.*—If the Fund's holdings of the currency of a member have remained below seventy-five percent of its quota for an immediately preceding period of not less than six months, such member, if it has not been declared ineligible to use the resources of the Fund under Section 1 of this Article, Article IV, Section 6, Article V, Section 5, or Article XV, Section 2 (*a*), shall be entitled, notwithstanding the provisions of Section 1 (*a*) of this Article, to buy the currency of another member from the Fund with its own currency for any purpose, including capital transfers. Purchases for capital transfers under this section shall not, however, be permitted if they have the effect of raising the Fund's holdings of the currency of the member desiring to purchase above seventy-five percent of its quota, or of reducing the Fund's holdings of the currency desired below seventy-five percent of the quota of the member whose currency is desired.

SEC. 3. *Controls of capital transfers.*—Members may exercise such controls as are necessary to regulate international capital movements, but no member may exercise these controls in a manner which will restrict payments for current transactions or which will unduly delay transfers of funds in settlement of commitments, except as provided in Article VII, Section 3 (*b*), and in Article XIV, Section 2.

ARTICLE VII. SCARCE CURRENCIES

SECTION 1. *General scarcity of currency.*—If the Fund finds that a general scarcity of a particular currency is developing, the Fund may so inform members and may issue a report setting forth the causes of the scarcity and containing recommendations designed to bring it to an end. A representative of the member whose currency is involved shall participate in the preparation of the report.

SEC. 2. *Measures to replenish the Fund's holdings of scarce currencies.*—The Fund may, if it deems such action appropriate to replenish its holdings of any member's currency, take either or both of the following steps:

(i) Propose to the member that, on terms and conditions agreed between the Fund and the member, the latter lend its currency to the Fund or that, with the approval of the member, the Fund borrow such currency from some other source either within or outside the territories of the member, but no member shall be under any obligation to make such loans to the Fund or to approve the borrowing of its currency by the Fund from any other source.

(ii) Require the member to sell its currency to the Fund for gold.

SEC. 3. *Scarcity of the Fund's holdings.*—(*a*) If it becomes evident to the Fund that the demand for a member's currency seriously

threatens the Fund's ability to supply that currency, the Fund, whether or not it has issued a report under Section 1 of this Article, shall formally declare such currency scarce and shall thenceforth apportion its existing and accruing supply of the scarce currency with due regard to the relative needs of members, the general international economic situation, and any other pertinent considerations. The Fund shall also issue a report concerning its action.

(*b*) A formal declaration under (*a*) above shall operate as an authorization to any member, after consultation with the Fund, temporarily to impose limitations on the freedom of exchange operations in the scarce currency. Subject to the provisions of Article IV, Sections 3 and 4, the member shall have complete jurisdiction in determining the nature of such limitations, but they shall be no more restrictive than is necessary to limit the demand for the scarce currency to the supply held by, or accruing to, the member in question; and they shall be relaxed and removed as rapidly as conditions permit.

(*c*) The authorization under (*b*) above shall expire whenever the Fund formally declares the currency in question to be no longer scarce.

SEC. 4. *Administration of restrictions.*—Any member imposing restrictions in respect of the currency of any other member pursuant to the provisions of Section 3 (*b*) of this Article shall give sympathetic consideration to any representations by the other member regarding the administration of such restrictions.

SEC. 5. *Effect of other international agreements on restrictions.*—Members agree not to invoke the obligations of any engagements entered into with other members prior to this Agreement in such a manner as will prevent the operation of the provisions of this Article.

ARTICLE VIII. GENERAL OBLIGATIONS OF MEMBERS

SECTION 1. *Introduction.*—In addition to the obligations assumed under other articles of this Agreement, each member undertakes the obligations set out in this Article.

SEC. 2. *Avoidance of restrictions on current payments.*—(*a*) Subject to the provisions of Article VII, Section 3 (*b*), and Article XIV, Section 2, no member shall, without the approval of the Fund, impose restrictions on the making of payments and transfers for current international transactions.

(*b*) Exchange contracts which involve the currency of any member and which are contrary to the exchange control regulations of that member maintained or imposed consistently with this Agreement shall be unenforceable in the territories of any member. In addition, members may, by mutual accord, cooperate in measures for the purpose of making the exchange control regulations of either member more effective, provided that such measures and regulations are consistent with this Agreement.

SEC. 3. *Avoidance of discriminatory currency practices.*—No member shall engage in, or permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any discriminatory currency arrangements or multiple currency practices except as authorized under this Agreement or approved by the Fund. If such arrangements and practices are engaged in at the date when this Agreement enters

into force the member concerned shall consult with the Fund as to their progressive removal unless they are maintained or imposed under Article XIV, Section 2, in which case the provisions of Section 4 of that Article shall apply.

SEC. 4. *Convertibility of foreign-held balances.*—(*a*) Each member shall buy balances of its currency held by another member if the latter, in requesting the purchase, represents—

(i) that the balances to be bought have been recently acquired as a result of current transactions; or

(ii) that their conversion is needed for making payments for current transactions.

The buying member shall have the option to pay either in the currency of the member making the request or in gold.

(*b*) The obligation in (*a*) above shall not apply—

(i) when the convertibility of the balances has been restricted consistently with Section 2 of this Article, or Article VI, Section 3; or

(ii) when the balances have accumulated as a result of transactions effected before the removal by a member of restrictions maintained or imposed under Article XIV, Section 2; or

(iii) when the balances have been acquired contrary to the exchange regulations of the member which is asked to buy them; or

(iv) when the currency of the member requesting the purchase has been declared scarce under Article VII, Section 3 (*a*); or

(v) when the member requested to make the purchase is for any reason not entitled to buy currencies of other members from the Fund for its own currency.

SEC. 5. *Furnishing of information.*—(*a*) The Fund may require members to furnish it with such information as it deems necessary for its operations, including, as the minimum necessary for the effective discharge of the Fund's duties, national data on the following matters:

(i) Official holdings at home and abroad, of (1) gold, (2) foreign exchange.

(ii) Holdings at home and abroad by banking and financial agencies, other than official agencies, of (1) gold, (2) foreign exchange.

(iii) Production of gold.

(iv) Gold exports and imports according to countries of destination and origin.

(v) Total exports and imports of merchandise, in terms of local currency values, according to countries of destination and origin.

(vi) International balance of payments, including (1) trade in goods and services, (2) gold transactions, (3) known capital transactions, and (4) other items.

(vii) International investment position, *i. e.*, investments within the territories of the member owned abroad and investments abroad owned by persons in its territories so far as it is possible to furnish this information.

(viii) National income.

(ix) Price indices, *i. e.*, indices of commodity prices in wholesale and retail markets and of export and import prices.

(x) Buying and selling rates for foreign currencies.

(xi) Exchange controls, *i. e.*, a comprehensive statement of exchange controls in effect at the time of assuming membership in the Fund and details of subsequent changes as they occur.

(xii) Where official clearing arrangements exist, details of amounts awaiting clearance in respect of commercial and financial transactions, and of the length of time during which such arrears have been outstanding.

(*b*) In requesting information the Fund shall take into consideration the varying ability of members to furnish the data requested. Members shall be under no obligation to furnish information in such detail that the affairs of individuals or corporations are disclosed. Members undertake, however, to furnish the desired information in as detailed and accurate a manner as is practicable, and, so far as possible, to avoid mere estimates.

(*c*) The Fund may arrange to obtain further information by agreement with members. It shall act as a centre for the collection and exchange of information on monetary and financial problems, thus facilitating the preparation of studies designed to assist members in developing policies which further the purposes of the Fund.

SEC. 6. *Consultation between members regarding existing international agreements.*—Where under this Agreement a member is authorized in the special or temporary circumstances specified in the Agreement to maintain or establish restrictions on exchange transactions, and there are other engagements between members entered into prior to this Agreement which conflict with the application of such restrictions, the parties to such engagements will consult with one another with a view to making such mutually acceptable adjustments as may be necessary. The provisions of this Article shall be without prejudice to the operation of Article VII, Section 5.

ARTICLE IX. STATUS, IMMUNITIES AND PRIVILEGES

SECTION 1. *Purpose of Article.*—To enable the Fund to fulfill the functions with which it is entrusted, the status, immunities and privileges set forth in this Article shall be accorded to the Fund in the territories of each member.

SEC. 2. *Status of the Fund.*—The Fund shall possess full juridical personality, and in particular, the capacity—

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

SEC. 3. *Immunity from judicial process.*—The Fund, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except to the extent that it expressly waives its immunity for the purpose of any proceedings or by the terms of any contract.

SEC. 4. *Immunity from other action.*—Property and assets of the Fund, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

SEC. 5. *Immunity of archives.*—The archives of the Fund shall be inviolable.

SEC. 6. *Freedom of assets from restrictions.*—To the extent necessary to carry out the operations provided for in this Agreement, all property and assets of the Fund shall be free from restrictions, regulations, controls and moratoria of any nature.

SEC. 7. *Privilege for communications.*—The official communications of the Fund shall be accorded by members the same treatment as the official communications of other members.

SEC. 8. *Immunities and privileges of officers and employees.*—All governors, executive directors, alternates, officers and employees of the Fund—

(i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Fund waives this immunity;

(ii) not being local nationals, shall be granted the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of traveling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SEC. 9. *Immunities from taxation.*—(*a*) The Fund, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Fund shall also be immune from liability for the collection or payment of any tax or duty.

(*b*) No tax shall be levied on or in respect of salaries and emoluments paid by the Fund to executive directors, alternates, officers or employees of the Fund who are not local citizens, local subjects, or other local nationals.

(*c*) No taxation of any kind shall be levied on any obligation or security issued by the Fund, including any dividend or interest thereon, by whomsoever held—

(i) which discriminates against such obligation or security solely because of its origin; or

(ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Fund.

SEC. 10. *Application of Article.*—Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Fund of the detailed action which it has taken.

ARTICLE X. RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS

The Fund shall cooperate within the terms of this Agreement with any general international organization and with public international organizations having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any provision of this Agreement may be effected only after amendment to this Agreement under Article XVII.

Article XI. Relations With Non-Member Countries

Section 1. *Undertakings regarding relations with non-member countries.*—Each member undertakes:

(i) Not to engage in, nor to permit any of its fiscal agencies referred to in Article V, Section 1, to engage in, any transactions with a non-member or with persons in a non-member's territories which would be contrary to the provisions of this Agreement or the purposes of the Fund;

(ii) Not to cooperate with a non-member or with persons in a non-member's territories in practices which would be contrary to the provisions of this Agreement or the purposes of the Fund; and

(iii) To cooperate with the Fund with a view to the application in its territories of appropriate measures to prevent transactions with non-members or with persons in their territories which would be contrary to the provisions of this Agreement or the purposes of the Fund.

Sec. 2. *Restrictions on transactions with non-member countries.*—Nothing in this Agreement shall affect the right of any member to impose restrictions on exchange transactions with non-members or with persons in their territories unless the Fund finds that such restrictions prejudice the interests of members and are contrary to the purposes of the Fund.

Article XII. Organization and Management

Section 1. *Structure of the Fund.*—The Fund shall have a Board of Governors, Executive Directors, a Managing Director, and a staff.

Sec. 2. *Boara of Governors.*—(*a*) All powers of the Fund shall be vested in the Board of Governors, consisting of one governor and one alternate appointed by each member in such manner as it may determine. Each governor and each alternate shall serve for five years, subject to the pleasure of the member appointing him, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as chairman.

(*b*) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, except the power to:

(i) Admit new members and determine the conditions of their admission.

(ii) Approve a revision of quotas.

(iii) Approve a uniform change in the par value of the currencies of all members.

(iv) Make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary or administrative character).

(v) Determine the distribution of the net income of the Fund.

(vi) Require a member to withdraw.

(vii) Decide to liquidate the Fund.

(viii) Decide appeals from interpretations of this agreement given by the Executive Directors.

(*c*) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called

by the Executive Directors. Meetings of the Board shall be called by the directors whenever requested by five members or by members having one-quarter of the total voting power.

(*d*) A quorum for any meeting of the Board of Governors shall be a majority of the governors exercising not less than two-thirds of the total voting power.

(*e*) Each governor shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him.

(*f*) The Board of Governors may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interests of the Fund, may obtain a vote of the governors on a specific question without calling a meeting of the Board.

(*g*) The Board of Governors, and the Executive Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Fund.

(*h*) Governors and alternates shall serve as such without compensation from the Fund, but the Fund shall pay them reasonable expenses incurred in attending meetings.

(*i*) The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of the contract of service of the Managing Director.

SEC. 3. *Executive Directors.*—(*a*) The Executive Directors shall be responsible for the conduct of the general operations of the Fund, and for this purpose shall exercise all the powers delegated to them by the Board of Governors.

(*b*) There shall be not less than twelve directors who need not be governors, and of whom—

(i) five shall be appointed by the five members having the largest quotas;

(ii) not more than two shall be appointed when the provisions of (*c*) below apply;

(iii) five shall be elected by the members not entitled to appoint directors, other than the American Republics; and

(iv) two shall be elected by the American Republics not entitled to appoint directors.

For the purposes of this paragraph, members means governments of countries whose names are set forth in Schedule A, whether they become members in accordance with Article XX or in accordance with Article II, Section 2. When governments of other countries become members, the Board of Governors may, by a four-fifths majority of the total voting power, increase the number of directors to be elected.

(*c*) If, at the second regular election of directors and thereafter, the members entitled to appoint directors under (*b*) (i) above do not include the two members, the holdings of whose currencies by the Fund have been, on the average over the preceding two years, reduced below their quotas by the largest absolute amounts in terms of gold as a common denominator, either one or both of such members, as the case may be, shall be entitled to appoint a director.

(*d*) Subject to Article XX, Section 3 (b) elections of elective directors shall be conducted at intervals of two years in accordance with the provisions of Schedule C, supplemented by such regulations as the

Fund deems appropriate. Whenever the Board of Governors increases the number of directors to be elected under (*b*) above, it shall issue regulations making appropriate changes in the proportion of votes required to elect directors under the provisions of Schedule C.

(*e*) Each director shall appoint an alternate with full power to act for him when he is not present. When the directors appointing them are present, alternates may participate in meetings but may not vote.

(*f*) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than ninety days before the end of his term, another director shall be elected for the remainder of the term by the members who elected the former director. A majority of the votes cast shall be required for election. While the office remains vacant, the alternate of the former director shall exercise his powers, except that of appointing an alternate.

(*g*) The Executive Directors shall function in continuous session at the principal office of the Fund and shall meet as often as the business of the Fund may require.

(*h*) A quorum for any meeting of the Executive Directors shall be a majority of the directors representing not less than one-half of the voting power.

(*i*) Each appointed director shall be entitled to cast the number of votes allotted under Section 5 of this Article to the member appointing him. Each elected director shall be entitled to cast the number of votes which counted toward his election. When the provisions of Section 5 (*b*) of this Article are applicable, the votes which a director would otherwise be entitled to cast shall be increased or decreased correspondingly. All the votes which a director is entitled to cast shall be cast as a unit.

(*j*) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under (*b*) above may send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.

(*k*) The Executive Directors may appoint such committees as they deem advisable. Membership of committees need not be limited to governors or directors or their alternates.

SEC. 4. *Managing Director and staff.*—(*a*) The Executive Directors shall select a Managing Director who shall not be a governor or an executive director. The Managing Director shall be chairman of the Executive Directors, but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meetings. The Managing Director shall cease to hold office when the Executive Directors so decide.

(*b*) The Managing Director shall be chief of the operating staff of the Fund and shall conduct, under the direction of the Executive Directors, the ordinary business of the Fund. Subject to the general control of the Executive Directors, he shall be responsible for the organization, appointment and dismissal of the staff of the Fund.

(*c*) The Managing Director and the staff of the Fund, in the discharge of their functions, shall owe their duty entirely to the Fund and to no other authority. Each member of the Fund shall respect the

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international character of this duty and shall refrain from all attempts to influence any of the staff in the discharge of his functions.

(*d*) In appointing the staff the Managing Director shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

SEC. 5. *Voting.*—(*a*) Each member shall have two hundred and fifty votes plus one additional vote for each part of its quota equivalent to one hundred thousand United States dollars.

(*b*) Whenever voting is required under Article V, Section 4 or 5, each member shall have the number of votes to which it is entitled under (*a*) above, adjusted—

(i) by the addition of one vote for the equivalent of each four hundred thousand United States dollars of net sales of its currency up to the date when the vote is taken, or

(ii) by the subtraction of one vote for the equivalent of each four hundred thousand United States dollars of its net purchases of the currencies of other members up to the date when the vote is taken;

provided, that neither net purchases nor net sales shall be deemed at any time to exceed an amount equal to the quota of the member involved.

(*c*) For the purpose of all computations under this section, United States dollars shall be deemed to be of the weight and fineness in effect on July 1, 1944, adjusted for any uniform change under Article IV, Section 7, if a waiver is made under Section 8 (*d*) of that Article.

(*d*) Except as otherwise specifically provided, all decisions of the Fund shall be made by a majority of the votes cast.

SEC. 6. *Distribution of net income.*—(*a*) The Board of Governors shall determine annually what part of the Fund's net income shall be placed to reserve and what part, if any, shall be distributed.

(*b*) If any distribution is made, there shall first be distributed a two-percent non-cumulative payment to each member on the amount by which seventy-five percent of its quota exceeded the Fund's average holdings of its currency during that year. The balance shall be paid to all members in proportion to their quotas. Payments to each member shall be made in its own currency.

SEC. 7. *Publication of reports.*—(*a*) The Fund shall publish an annual report containing an audited statement of its accounts, and shall issue, at intervals of three months or less, a summary statement of its transactions and its holdings of gold and currencies of members.

(*b*) The Fund may publish such other reports as it deems desirable for carrying out its purposes.

SEC. 8. *Communication of views to members.*—The Fund shall at all times have the right to communicate its views informally to any member on any matter arising under this Agreement. The Fund may, by a two-thirds majority of the total voting power, decide to publish a report made to a member regarding its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members. If the member is not entitled to appoint an executive director, it shall be entitled to representation in accordance with Section

3 (*j*) of this Article. The Fund shall not publish a report involving changes in the fundamental structure of the economic organization of members.

Article XIII. Offices and Depositories

Section 1. *Location of offices.*—The principal office of the Fund shall be located in the territory of the member having the largest quota, and agencies or branch offices may be established in the territories of other members.

Sec. 2. *Depositories.*—(*a*) Each member country shall designate its central bank as a depository for all the Fund's holdings of its currency, or if it has no central bank it shall designate such other institution as may be acceptable to the Fund.

(*b*) The Fund may hold other assets, including gold, in the depositories designated by the five members having the largest quotas and in such other designated depositories as the Fund may select. Initially, at least one-half of the holdings of the Fund shall be held in the depository designated by the member in whose territories the Fund has its principal office and at least forty percent shall be held in the depositories designated by the remaining four members referred to above. However, all transfers of gold by the Fund shall be made with due regard to the costs of transport and anticipated requirements of the Fund. In an emergency the Executive Directors may transfer all or any part of the Fund's gold holdings to any place where they can be adequately protected.

Sec. 3. *Guarantee of the Fund's assets.*—Each member guarantees all assets of the Fund against loss resulting from failure or default on the part of the depository designated by it.

Article XIV. Transitional Period

Section 1. *Introduction.*—The Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war.

Sec. 2. *Exchange restrictions.*—In the post-war transitional period members may, notwithstanding the provisions of any other articles of this Agreement, maintain and adapt to changing circumstances (and, in the case of members whose territories have been occupied by the enemy, introduce where necessary) restrictions on payments and transfers for current international transactions. Members shall, however, have continuous regard in their foreign exchange policies to the purposes of the Fund; and, as soon as conditions permit, they shall take all possible measures to develop such commercial and financial arrangements with other members as will facilitate international payments and the maintenance of exchange stability. In particular, members shall withdraw restrictions maintained or imposed under this section as soon as they are satisfied that they will be able, in the absence of such restrictions, to settle their balance of payments in a manner which will not unduly encumber their access to the resources of the Fund.

Sec. 3. *Notification to the Fund.*—Each member shall notify the Fund before it becomes eligible under Article XX, Section 4 (*c*) or

(*d*), to buy currency from the Fund, whether it intends to avail itself of the transitional arrangements in Section 2 of this Article, or whether it is prepared to accept the obligations of Article VIII, Sections 2, 3, and 4. A member availing itself of the transitional arrangements shall notify the Fund as soon thereafter as it is prepared to accept the above-mentioned obligations.

SEC. 4. *Action of the Fund relating to restrictions.*—Not later than three years after the date on which the Fund begins operations and in each year thereafter, the Fund shall report on the restrictions still in force under Section 2 of this Article. Five years after the date on which the Fund begins operations, and in each year thereafter, any member still retaining any restrictions inconsistent with Article VIII, Sections 2, 3, or 4, shall consult the Fund as to their further retention. The Fund may, if it deems such action necessary in exceptional circumstances, make representations to any member that conditions are favorable for the withdrawal of any particular restriction, or for the general abandonment of restrictions, inconsistent with the provisions of any other article of this Agreement. The member shall be given a suitable time to reply to such representations. If the Fund finds that the member persists in maintaining restrictions which are inconsistent with the purposes of the Fund, the member shall be subject to Article XV, Section 2 (*a*).

SEC. 5. *Nature of transitional period.*—In its relations with members, the Fund shall recognize that the postwar transitional period will be one of change and adjustment and in making decisions on requests occasioned thereby which are presented by any member it shall give the member the benefit of any reasonable doubt.

ARTICLE XV. WITHDRAWAL FROM MEMBERSHIP

SECTION 1. *Right of members to withdraw.*—Any member may withdraw from the Fund at any time by transmitting a notice in writing to the Fund at its principal office. Withdrawal shall become effective on the date such notice is received.

SEC. 2. *Compulsory withdrawal.*—(*a*) If a member fails to fulfill any of its obligations under this Agreement, the Fund may declare the member ineligible to use the resources of the Fund. Nothing in this section shall be deemed to limit the provisions of Article IV, Section 6, Article V, Section 5, or Article VI, Section 1.

(*b*) If, after the expiration of a reasonable period the member persists in its failure to fulfill any of its obligations under this Agreement, or a difference between a member and the Fund under Article IV, section shall be deemed to limit the provisions of Article IV, Section 6, membership in the Fund by a decision of the Board of Governors carried by a majority of the governors representing a majority of the total voting power.

(*c*) Regulations shall be adopted to ensure that before action is taken against any member under (*a*) or (*b*) above, the member shall be informed in reasonable time of the complaint against it and given an adequate opportunity for stating its case, both orally and in writing.

SEC. 3. *Settlement of accounts with members withdrawing.*—When a member withdraws from the Fund, normal transactions of the Fund in its currency shall cease and settlement of all accounts between it

and the Fund shall be made with reasonable despatch by agreement between it and the Fund. If agreement is not reached promptly, the provisions of Schedule D shall apply to the settlement of accounts.

Article XVI. Emergency Provisions

Section 1. *Temporary suspension.*—(*a*) In the event of an emergency or the development of unforeseen circumstances threatening the operations of the Fund, the Executive Directors by unanimous vote may suspend for a period of not more than one hundred and twenty days the operation of any of the following provisions:

(i) Article IV, Sections 3 and 4 (*b*).
(ii) Article V, Sections 2, 3, 7, 8 (*a*) and (*f*).
(iii) Article VI, Section 2.
(iv) Article XI, Section 1.

(*b*) Simultaneously with any decision to suspend the operation of any of the foregoing provisions, the Executive Directors shall call a meeting of the Board of Governors for the earliest practicable date.

(*c*) The Executive Directors may not extend any suspension beyond one hundred and twenty days. Such suspension may be extended, however, for an additional period of not more than two hundred and forty days, if the Board of Governors by a four-fifths majority of the total voting power so decides, but it may not be further extended except by amendment of this Agreement pursuant to Article XVII.

(*d*) The Executive Directors may, by a majority of the total voting power, terminate such suspension at any time.

Sec. 2. *Liquidation of the Fund.*—(*a*) The Fund may not be liquidated except by decision of the Board of Governors. In an emergency, if the Executive Directors decide that liquidation of the Fund may be necessary, they may temporarily suspend all transactions, pending decision by the Board.

(*b*) If the Board of Governors decides to liquidate the Fund, the Fund shall forthwith cease to engage in any activities except those incidental to the orderly collection and liquidation of its assets and the settlement of its liabilities, and all obligations of members under this Agreement shall cease except those set out in this Article, in Article XVIII, paragraph (*c*), in Schedule D, paragraph 7, and in Schedule E.

(*c*) Liquidation shall be administered in accordance with the provisions of Schedule E.

Article XVII. Amendments

(*a*) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a governor or the Executive Directors, shall be communicated to the chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board the Fund shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the total voting power, have accepted the proposed amendment, the Fund shall certify the fact by a formal communication addressed to all members.

(*b*) Notwithstanding (*a*) above, acceptance by all members is required in the case of any amendment modifying—

(i) the right to withdraw from the Fund (Article XV, Section 1);

(ii) the provision that no change in a member's quota shall be made without its consent (Article III, Section 2);

(iii) the provision that no change may be made in the par value of a member's currency except on the proposal of that member (Article IV, Section 5 (*b*)).

(*c*) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

Article XVIII. Interpretation

(*a*) Any question of interpretation of the provisions of this Agreement arising between any member and the Fund or between any members of the Fund shall be submitted to the Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an executive director it shall be entitled to representation in accordance with Article XII, Section 3 (*j*).

(*b*) In any case where the Executive Directors have given a decision under (*a*) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board the Fund may, so far as it deems necessary, act on the basis of the decision of the Executive Directors.

(*c*) Whenever a disagreement arises between the Fund and a member which has withdrawn, or between the Fund and any member during liquidation of the Fund, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Fund, another by the member or withdrawing member and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice or such other authority as may have been prescribed by regulation adopted by the Fund. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

Article XIX. Explanation of Terms

In interpreting the provisions of this Agreement the Fund and its members shall be guided by the following:

(*a*) A member's monetary reserves means its net official holdings of gold, of convertible currencies of other members, and of the currencies of such non-members as the Fund may specify.

(*b*) The official holdings of a member means central holdings (that is, the holdings of its treasury, central bank, stabilization fund, or similar fiscal agency).

(*c*) The holdings of other official institutions or other banks within its territories may, in any particular case, be deemed by the Fund, after consultation with the member, to be official holdings to the extent that they are substantially in excess of working balances; provided that for the purpose of determining whether, in a particular case,

holdings are in excess of working balances, there shall be deducted from such holdings amounts of currency due to official institutions and banks in the territories of members or non-members specified under (*d*) below.

(*d*) A member's holdings of convertible currencies means its holdings of the currencies of other members which are not availing themselves of the transitional arrangements under Article XIV, Section 2, together with its holdings of the currencies of such non-members as the Fund may from time to time specify. The term currency for this purpose includes without limitation coins, paper money, bank balances, bank acceptances, and government obligations issued with a maturity not exceeding twelve months.

(*e*) A member's monetary reserves shall be calculated by deducting from its central holdings the currency liabilities to the treasuries, central banks, stabilization funds, or similar fiscal agencies of other members or non-members specified under (*d*) above, together with similar liabilities to other official institutions and other banks in the territories of members, or non-members specified under (*d*) above. To these net holdings shall be added the sums deemed to be official holdings of other official institutions and other banks under (*c*) above.

(*f*) The Fund's holdings of the currency of a member shall include any securities accepted by the Fund under Article III, Section 5.

(*g*) The Fund, after consultation with a member which is availing itself of the transitional arrangements under Article XIV, Section 2, may deem holdings of the currency of that member which carry specified rights of conversion into another currency or into gold to be holdings of convertible currency for the purpose of the calculation of monetary reserves.

(*h*) For the purpose of calculating gold subscriptions under Article III, Section 3, a member's net official holdings of gold and United States dollars shall consist of its official holdings of gold and United States currency after deducting central holdings of its currency by other countries and holdings of its currency by other official institutions and other banks if these holdings carry specified rights of conversion into gold or United States currency.

(*i*) Payments for current transactions means payments which are not for the purpose of transferring capital, and includes, without limitation:

(1) All payments due in connection with foreign trade, other current business, including services, and normal short-term banking and credit facilities;

(2) Payments due as interest on loans and as net income from other investments;

(3) Payments of moderate amount for amortization of loans or for depreciation of direct investments;

(4) Moderate remittances for family living expenses.

The Fund may, after consultation with the members concerned, determine whether certain specific transactions are to be considered current transactions or capital transactions.

Article XX. Final Provisions

Section 1. *Entry into force.*—This Agreement shall enter into force when it has been signed on behalf of governments having sixty-five

percent of the total of the quotas set forth in Schedule A and when the instruments referred to in Section 2 (*a*) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before May 1, 1945.

SEC. 2. *Signature.*—(*a*) Each government on whose behalf this Agreement is signed shall deposit with the Government of the United States of America an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(*b*) Each government shall become a member of the Fund as from the date of the deposit on its behalf of the instrument referred to in (*a*) above, except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(*c*) The Government of the United States of America shall inform the governments of all countries whose names are set forth in Schedule A, and all governments whose membership is approved in accordance with Article II, Section 2, of all signatures of this Agreement and of the deposit of all instruments referred to in (*a*) above.

(*d*) At the time this Agreement is signed on its behalf, each government shall transmit to the Government of the United States of America one one-hundredth of one percent of its total subscription in gold or United States dollars for the purpose of meeting administrative expenses of the Fund. The Government of the United States of America shall hold such funds in a special deposit account and shall transmit them to the Board of Governors of the Fund when the initial meeting has been called under Section 3 of this Article. If this Agreement has not come into force by December 31, 1945, the Government of the United States of America shall return such funds to the governments that transmitted them.

(*e*) This Agreement shall remain open for signature at Washington on behalf of the governments of the countries whose names are set forth in Schedule A until December 31, 1945.

(*f*) After December 31, 1945, this Agreement shall be open for signature on behalf of the government of any country whose membership has been approved in accordance with Article II, Section 2.

(*g*) By their signature of this Agreement, all governments accept it both on their own behalf and in respect of all their colonies, overseas territories, all territories under their protection, suzerainty, or authority and all territories in respect of which they exercise a mandate.

(*h*) In the case of governments whose metropolitan territories have been under enemy occupation, the deposit of the instrument referred to in (*a*) above may be delayed until one hundred and eighty days after the date on which these territories have been liberated. If, however, it is not deposited by any such government before the expiration of this period the signature affixed on behalf of that government shall become void and the portion of its subscription paid under (*d*) above shall be returned to it.

(*i*) Paragraphs (*d*) and (*h*) shall come into force with regard to each signatory government as from the date of its signature.

SEC. 3. *Inauguration of the Fund.*—(*a*) As soon as this Agreement enters into force under Section 1 of this Article, each member shall

appoint a governor and the member having the largest quota shall call the first meeting of the Board of Governors.

(*b*) At the first meeting of the Board of Governors, arrangements shall be made for the selection of provisional executive directors. The governments of the five countries for which the largest quotas are set forth in Schedule A shall appoint provisional executive directors. If one or more of such governments have not become members, the executive directorships they would be entitled to fill shall remain vacant until they become members, or until January 1, 1946, whichever is the earlier. Seven provisional executive directors shall be elected in accordance with the provisions of Schedule C and shall remain in office until the date of the first regular election of executive directors which shall be held as soon as practicable after January 1, 1946.

(*c*) The Board of Governors may delegate to the provisional executive directors any powers except those which may not be delegated to the Executive Directors.

SEC. 4. *Initial determination of par value.*—(*a*) When the Fund is of the opinion that it will shortly be in a position to begin exchange transactions, it shall so notify the members and shall request each member to communicate within thirty days the par value of its currency based on the rates of exchange prevailing on the sixtieth day before the entry into force of this Agreement. No member whose metropolitan territory has been occupied by the enemy shall be required to make such a communcation while that territory is a theater of major hostilities or for such period thereafter as the Fund may determine. When such a member communicates the par value of its currency the provisions of (*d*) below shall apply.

(*b*) The par value communicated by a member whose metropolitan territory has not been occupied by the enemy shall be the par value of that member's currency for the purposes of this Agreement unless, within ninety days after the request referred to in (*a*) above has been received, (i) the member notifies the Fund that it regards the par value as unsatisfactory, or (ii) the Fund notifies the member that in its opinion the par value cannot be maintained without causing recourse to the Fund on the part of that member or others on a scale prejudicial to the Fund and to members. When notification is given under (i) or (ii) above, the Fund and the member shall, within a period determined by the Fund in the light of all relevant circumstances, agree upon a suitable par value for that currency. If the Fund and the member do not agree within the period so determined, the member shall be deemed to have withdrawn from the Fund on the date when the period expires.

(*c*) When the par value of a member's currency has been established under (*b*) above, either by the expiration of ninety days without notification, or by agreement after notification, the member shall be eligible to buy from the Fund the currencies of other members to the full extent permitted in this Agreement, provided that the Fund has begun exchange transactions.

(*d*) In the case of a member whose metropolitan territory has been occupied by the enemy, the provisions of (*b*) above shall apply, subject to the following modifications:

(i) The period of ninety days shall be extended so as to end on a date to be fixed by agreement between the Fund and the member.

(ii) Within the extended period the member may, if the Fund has begun exchange transactions, buy from the Fund with its currency the currencies of other members, but only under such conditions and in such amounts as may be prescribed by the Fund.

(iii) At any time before the date fixed under (i) above, changes may be made by agreement with the Fund in the par value communicated under (*a*) above.

(*e*) If a member whose metropolitan territory has been occupied by the enemy adopts a new monetary unit before the date to be fixed under (*d*) (i) above, the par value fixed by that member for the new unit shall be communicated to the Fund and the provisions of (*d*) above shall apply.

(*f*) Changes in par values agreed with the Fund under this section shall not be taken into account in determining whether a proposed change falls within (i), (ii), or (iii) of Article IV, Section 5 (*c*).

(*g*) A member communicating to the Fund a par value for the currency of its metropolitan territory shall simultaneously communicate a value, in terms of that currency, for each separate currency, where such exists, in the territories in respect of which it has accepted this Agreement under Section 2 (*g*) of this Article, but no member shall be required to make a communication for the separate currency of a territory which has been occupied by the enemy while that territory is a theater of major hostilities or for such period thereafter as the Fund may determine. On the basis of the par value so communicated, the Fund shall compute the par value of each separate currency. A communication or notification to the Fund under (*a*), (*b*) or (*d*) above regarding the par value of a currency, shall also be deemed, unless the contrary is stated, to be a communication or notification regarding the par value of all the separate currencies referred to above. Any member may, however, make a communication or notification relating to the metropolitan or any of the separate currencies alone. If the member does so, the provisions of the preceding paragraphs (including (*d*) above, if a territory where a separate currency exists has been occupied by the enemy) shall apply to each of these currencies separately.

(*h*) The Fund shall begin exchange transactions at such date as it may determine after members having sixty-five percent of the total of the quotas set forth in Schedule A have become eligible, in accordance with the preceding paragraphs of this section, to purchase the currencies of other members, but in no event until after major hostilities in Europe have ceased.

(*i*) The Fund may postpone exchange transactions with any member if its circumstances are such that, in the opinion of the Fund, they would lead to use of the resources of the Fund in a manner contrary to the purposes of this Agreement or prejudicial to the Fund or the members.

(*j*) The par values of the currencies of governments which indicate their desire to become members after December 31, 1945, shall be determined in accordance with the provisions of Article II, Section 2.

Done at Washington, in a single copy which shall remain deposited in the Archives of the Government of the United States of America, which shall transmit certified copies to all governments whose names are set forth in Schedule A and to all governments whose membership is approved in accordance with Article II, Section 2.

Schedule A. Quotas

[In millions of United States dollars]

Australia	200	Iran	25
Belgium	225	Iraq	8
Bolivia	10	Liberia	.5
Brazil	150	Luxembourg	10
Canada	300	Mexico	90
Chile	50	Netherlands	275
China	550	New Zealand	50
Colombia	50	Nicaragua	2
Costa Rica	5	Norway	50
Cuba	50	Panama	.5
Czechoslovakia	125	Paraguay	2
Denmark	(1)	Peru	25
Dominican Republic	5	Philippine Commonwealth	15
Ecuador	5	Poland	125
Egypt	45	Union of South Africa	100
El Salvador	2.5	Union of Soviet Socialist Republics	1,200
Ethiopia	6	United Kingdom	1,300
France	450	United States	2,750
Greece	40	Uruguay	15
Guatemala	5	Venezuela	15
Haiti	5	Yugoslavia	60
Honduras	2.5		
Iceland	1		
India	400	Total	8,800

[1] The quota of Denmark shall be determined by the Fund after the Danish Government has declared its readiness to sign this Agreement but before signature takes place.

Schedule B. Provisions With Respect to Repurchase by a Member of its Currency Held by the Fund

1. In determining the extent to which repurchase of a member's currency from the Fund under Article V, Section 7 (*b*), shall be made with each type of monetary reserve, that is, with gold and with each convertible currency, the following rule, subject to 2 below, shall apply:

(*a*) If the member's monetary reserves have not increased during the year, the amount payable to the Fund shall be distributed among all types of reserves in proportion to the member's holdings thereof at the end of the year.

(*b*) If the member's monetary reserves have increased during the year, a part of the amount payable to the Fund equal to one-half of the increase shall be distributed among those types of reserves which have increased in proportion to the amount by which each of them has increased. The remainder of the sum payable to the Fund shall be distributed among all types of reserves in proportion to the member's remaining holdings thereof.

(*c*) If after all the repurchases required under Article V, Section 7 (*b*), had been made, the result would exceed any of the limits specified in Article V, Section 7 (*c*), the Fund shall require such repurchases to be made by the members proportionately in such manner that the limits will not be exceeded.

2. The Fund shall not acquire the currency of any non-member under Article V, Section 7 (*b*) and (*c*).

3. In calculating monetary reserves and the increase in monetary reserves during any year for the purpose of Article V, Section 7 (*b*) and (*c*), no account shall be taken, unless deductions have otherwise been made by the member for such holdings, of any increase in those monetary reserves which is due to currency previously inconvertible having become convertible during the year; or to holdings which are the proceeds of a long-term or medium-term loan contracted during the year; or to holdings which have been transferred or set aside for repayment of a loan during the subsequent year.

4. In the case of members whose metropolitan territories have been occupied by the enemy, gold newly produced during the five years after the entry into force of this Agreement from mines located within their metropolitan territories shall not be included in computations of their monetary reserves or of increases in their monetary reserves.

Schedule C. Election of Executive Directors

1. The election of the elective executive directors shall be by ballot of the governors eligible to vote under Article XII, Section 3 (*b*) (iii) and (iv).

2. In balloting for the five directors to be elected under Article XII, Section 3 (*b*) (iii), each of the governors eligible to vote shall cast for one person all of the votes to which he is entitled under Article XII, Section 5 (*a*). The five persons receiving the greatest number of votes shall be directors, provided that no person who received less than nineteen percent of the total number of votes that can be cast (eligible votes) shall be considered elected.

3. When five persons are not elected on the first ballot, a second ballot shall be held in which the person who received the lowest number of votes shall be ineligible for election and in which there shall vote only (*a*) those governors who voted in the first ballot for a person not elected, and (*b*) those governors whose votes for a person elected are deemed under 4 below to have raised the votes cast for that person above twenty percent of the eligible votes.

4. In determining whether the votes cast by a governor are to be deemed to have raised the total of any person above twenty percent of the eligible votes the twenty percent shall be deemed to include, first, the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until twenty percent is reached.

5. Any governor, part of whose votes must be counted in order to raise the total of any person above nineteen percent, shall be considered as casting all of his votes for such person even if the total votes for such person thereby exceed twenty percent.

6. If, after the second ballot, five persons have not been elected, further ballots shall be held on the same principles until five persons have been elected, provided that after four persons are elected, the fifth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

7. The directors to be elected by the American Republics under Article XII, Section 3 (*b*) (iv) shall be elected as follows:

(*a*) Each of the directors shall be elected separately.

(*b*) In the election of the first director, each governor representing an American Republic eligible to participate in the elec-

tion shall cast for one person all the votes to which he is entitled. The person receiving the largest number of votes shall be elected provided that he has received not less than forty-five percent of the total votes.

(*c*) If no person is elected on the first ballot, further ballots shall be held, in each of which the person receiving the lowest number of votes shall be eliminated, until one person receives a number of votes sufficient for election under (*b*) above.

(*d*) Governors whose votes contributed to the election of the first director shall take no part in the election of the second director.

(*e*) Persons who did not succeed in the first election shall not be ineligible for election as the second director.

(*f*) A majority of the votes which can be cast shall be required for election of the second director. If at the first ballot no person receives a majority, further ballots shall be held in each of which the person receiving the lowest number of votes shall be eliminated, until some person obtains a majority.

(*g*) The second director shall be deemed to have been elected by all the votes which could have been cast in the ballot securing his election.

Schedule D. Settlement of Accounts With Members Withdrawing

1. The Fund shall be obligated to pay to a member withdrawing an amount equal to its quota, plus any other amounts due to it from the Fund, less any amounts due to the Fund, including charges accruing after the date of its withdrawal; but no payment shall be made until six months after the date of withdrawal. Payments shall be made in the currency of the withdrawing member.

2. If the Fund's holdings of the currency of the withdrawing member are not sufficient to pay the net amount due from the Fund, the balance shall be paid in gold, or in such other manner as may be agreed. If the Fund and the withdrawing member do not reach agreement within six months of the date of withdrawal, the currency in question held by the Fund shall be paid forthwith to the withdrawing member. Any balance due shall be paid in ten half-yearly installments during the ensuing five years. Each such installment shall be paid, at the option of the Fund, either in the currency of the withdrawing member acquired after its withdrawal or by the delivery of gold.

3. If the Fund fails to meet any installment which is due in accordance with the preceding paragraphs, the withdrawing member shall be entitled to require the Fund to pay the installment in any currency held by the Fund with the exception of any currency which has been declared scarce under Article VII, Section 3.

4. If the Fund's holdings of the currency of a withdrawing member exceed the amount due to it, and if agreement on the method of settling accounts is not reached within six months of the date of withdrawal, the former member shall be obligated to redeem such excess currency in gold or, at its option, in the currencies of members which at the time of redemption are convertible. Redemption shall be made

at the parity existing at the time of withdrawal from the Fund. The withdrawing member shall complete redemption within five years of the date of withdrawal, or within such longer period as may be fixed by the Fund, but shall not be required to redeem in any half-yearly period more than one-tenth of the Fund's excess holdings of its currency at the date of withdrawal plus further acquisitions of the currency during such half-yearly period. If the withdrawing member does not fulfill this obligation, the Fund may in an orderly manner liquidate in any market the amount of currency which should have been redeemed.

5. Any member desiring to obtain the currency of a member which has withdrawn shall acquire it by purchase from the Fund, to the extent that such member has access to the resources of the Fund and that such currency is available under 4 above.

6. The withdrawing member guarantees the unrestricted use at all times of the currency disposed of under 4 and 5 above for the purchase of goods or for payment of sums due to it or to persons within its territories. It shall compensate the Fund for any loss resulting from the difference between the par value of its currency on the date of withdrawal and the value realized by the Fund on disposal under 4 and 5 above.

7. In the event of the Fund going into liquidation under Article XVI, Section 2, within six months of the date on which the member withdraws, the account between the Fund and that government shall be settled in accordance with Article XVI, Section 2, and Schedule E.

Schedule E. Administration of Liquidation

1. In the event of liquidation the liabilities of the Fund other than the repayment of subscriptions shall have priority in the distribution of the assets of the Fund. In meeting each such liability the Fund shall use its assets in the following order:

(*a*) the currency in which the liability is payable;

(*b*) gold;

(*c*) all other currencies in proportion, so far as may be practicable, to the quotas of the members.

2. After the discharge of the Fund's liabilities in accordance with 1 above, the balance of the Fund's assets shall be distributed and apportioned as follows:

(*a*) The Fund shall distribute its holdings of gold among the members whose currencies are held by the Fund in amounts less than their quotas. These members shall share the gold so distributed in the proportions of the amounts by which their quotas exceed the Fund's holdings of their currencies.

(*b*) The Fund shall distribute to each member one-half the Fund's holdings of its currency but such distribution shall not exceed fifty percent of its quota.

(*c*) The Fund shall apportion the remainder of its holdings of each currency among all the members in proportion to the amounts due to each member after the distributions under (*a*) and (*b*) above.

3. Each member shall redeem the holdings of its currency apportioned to other members under 2 (*c*) above, and shall agree with the Fund within three months after a decision to liquidate upon an orderly procedure for such redemption.

4. If a member has not reached agreement with the Fund within the three-month period referred to in 3 above, the Fund shall use the currencies of other members apportioned to that member under 2 (*c*) above to redeem the currency of that member apportioned to other members. Each currency apportioned to a member which has not reached agreement shall be used, so far as possible, to redeem its currency apportioned to the members which have made agreements with the Fund under 3 above.

5. If a member has reached agreement with the Fund in accordance with 3 above, the Fund shall use the currencies of other members apportioned to that member under 2 (*c*) above to redeem the currency of that member apportioned to other members which have made agreements with the Fund under 3 above. Each amount so redeemed shall be redeemed in the currency of the member to which it was apportioned.

6. After carrying out the preceding paragraphs, the Fund shall pay to each member the remaining currencies held for its account.

7. Each member whose currency has been distributed to other members under 6 above shall redeem such currency in gold or, at its option, in the currency of the member requesting redemption, or in such other manner as may be agreed between them. If the members involved do not otherwise agree, the member obligated to redeem shall complete redemption within five years of the date of distribution, but shall not be required to redeem in any half-yearly period more than one-tenth of the amount distributed to each other member. If the member does not fulfill this obligation, the amount of currency which should have been redeemed may be liquidated in an orderly manner in any market.

8. Each member whose currency has been distributed to other members under 6 above guarantees the unrestricted use of such currency at all times for the purchase of goods or for payment of sums due to it or to persons in its territories. Each member so obligated agrees to compensate other members for any loss resulting from the difference between the par value of its currency on the date of the decision to liquidate the Fund and the value realized by such members on disposal of its currency.

4. International Bank for Reconstruction and Development

Text of Articles of Agreement

The governments on whose behalf the present Agreement is signed agree as follows:

INTRODUCTORY ARTICLE

The International Bank for Reconstruction and Development is established and shall operate in accordance with the following provisions:

ARTICLE I. PURPOSES

The purposes of the Bank are:

(i) To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries.

(ii) To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.

(iii) To promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labor in their territories.

(iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.

(v) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate postwar years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.

The Bank shall be guided in all its decisions by the purposes set forth above.

Article II. Membership in and Capital of the Bank

Section 1. *Membership*

(a) The original members of the Bank shall be those members of the International Monetary Fund which accept membership in the Bank before the date specified in Article XI, Section 2 (e).

(b) Membership shall be open to other members of the Fund, at such times and in accordance with such terms as may be prescribed by the Bank.

Sec. 2. *Authorized capital*

(a) The authorized capital stock of the Bank shall be $10,000,000,000, in terms of United States dollars of the weight and fineness in effect on July 1, 1944. The capital stock shall be divided into 100,000 shares having a par value of $100,000 each, which shall be available for subscription only by members.

(b) The capital stock may be increased when the Bank deems it advisable by a three-fourths majority of the total voting power.

Sec. 3. *Subscription of shares*

(a) Each member shall subscribe shares of the capital stock of the Bank. The minimum number of shares to be subscribed by the original members shall be those set forth in Schedule A. The minimum number of shares to be subscribed by other members shall be determined by the Bank, which shall reserve a sufficient portion of its capital stock for subscription by such members.

(b) The Bank shall prescribe rules laying down the conditions under which members may subscribe shares of the authorized capital stock of the Bank in addition to their minimum subscriptions.

(c) If the authorized capital stock of the Bank is increased, each member shall have a reasonable opportunity to subscribe, under such conditions as the Bank shall decide, a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Bank, but no member shall be obligated to subscribe any part of the increased capital.

Sec. 4. *Issue price of shares*

Shares included in the minimum subscriptions of original members shall be issued at par. Other shares shall be issued at par unless the Bank by a majority of the total voting power decides in special circumstances to issue them on other terms.

Sec. 5. *Division and calls of subscribed capital*

The subscription of each member shall be divided into two parts as follows:

(i) twenty percent shall be paid or subject to call under Section 7 (i) of this Article as needed by the Bank for its operations;

(ii) the remaining eighty percent shall be subject to call by the Bank only when required to meet obligations of the Bank created under Article IV, Sections 1 (a) (ii) and (iii).

Calls on unpaid subscriptions shall be uniform on all shares.

Sec 6. *Limitation on liability*

Liability on shares shall be limited to the unpaid portion of the issue price of the shares.

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SEC. 7. *Method of payment of subscriptions for shares*

Payment of subscriptions for shares shall be made in gold or United States dollars and in the currencies of the members as follows:

(i) under Section 5 (i) of this Article, two percent of the price of each share shall be payable in gold or United States dollars, and, when calls are made, the remaining eighteen percent shall be paid in the currency of the member;

(ii) when a call is made under Section 5 (ii) of this Article, payment may be made at the option of the member either in gold, in United States dollars or in the currency required to discharge the obligations of the Bank for the purpose for which the call is made;

(iii) when a member makes payments in any currency under (i) and (ii) above, such payments shall be made in amounts equal in value to the member's liability under the call. This liability shall be a proportionate part of the subscribed capital stock of the Bank as authorized and defined in Section 2 of this Article.

SEC. 8. *Time of payment of subscriptions*

(a) The two percent payable on each share in gold or United States dollars under Section 7 (i) of this Article, shall be paid within sixty days of the date on which the Bank begins operations, provided that—

(i) any original member of the Bank whose metropolitan territory has suffered from enemy occupation or hostilities during the present war shall be granted the right to postpone payment of one-half percent until five years after that date;

(ii) an original member who cannot make such a payment because it has not recovered possession of its gold reserves which are still seized or immobilized as a result of the war may postpone all payment until such date as the Bank shall decide.

(b) The remainder of the price of each share payable under Section 7 (i) of this Article shall be paid as and when called by the Bank, provided that—

(i) the Bank shall, within one year of its beginning operations, call not less than eight percent of the price of the share in addition to the payment of two percent referred to in (a) above;

(ii) not more than five percent of the price of the share shall be called in any period of three months.

SEC. 9. *Maintenance of value of certain currency holdings of the Bank*

(a) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent within that member's territories, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of initial subscription, of the amount of the currency of such member which is held by the Bank and derived from currency originally paid in to the Bank by the member under Article II, Section 7 (i), from currency referred to in Article IV, Section 2 (b), or from any additional currency furnished under the provisions of the present paragraph, and which has not been repurchased by the member for gold or for the currency of any member which is acceptable to the Bank.

(b) Whenever the par value of a member's currency is increased, the Bank shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency described in (a) above.

(c) The provisions of the preceding paragraphs may be waived by the Bank when a uniform proportionate change in the par values of the currencies of all its members is made by the International Monetary Fund.

SEC. 10. *Restriction on disposal of shares*

Shares shall not be pledged or encumbered in any manner whatever and they shall be transferable only to the Bank.

ARTICLE III. GENERAL PROVISIONS RELATING TO LOANS AND GUARANTEES

SECTION 1. *Use of resources*

(a) The resources and the facilities of the Bank shall be used exclusively for the benefit of members with equitable consideration to projects for development and projects for reconstruction alike.

(b) For the purpose of facilitating the restoration and reconstruction of the economy of members whose metropolitan territories have suffered great devastation from enemy occupation or hostilities, the Bank, in determining the conditions and terms of loans made to such members, shall pay special regard to lightening the financial burden and expediting the completion of such restoration and reconstruction.

SEC. 2. *Dealings between members and the Bank*

Each members shall deal with the Bank only through its treasury, central bank, stabilization fund or other similar fiscal agency, and the Bank shall deal with members only by or through the same agencies.

SEC. 3. *Limitations on guarantees and borrowings of the Bank*

The total amount outstanding of guarantees, participations in loans and direct loans made by the Bank shall not be increased at any time, if by such increase the total would exceed one hundred percent of the unimpaired subscribed capital, reserves and surplus of the Bank.

SEC. 4. *Conditions on which the Bank may guarantee or make loans*

The Bank may guarantee, participate in, or make loans to any member or any political subdivision thereof and any business, industrial, and agricultural enterprise in the territories of a member, subject to the following conditions:

(i) When the member in whose territories the project is located is not itself the borrower, the member or the central bank or some comparable agency of the member which is acceptable to the Bank, fully guarantees the repayment of the principal and the payment of interest and other charges on the loan.

(ii) The Bank is satisfied that in the prevailing market conditions the borrower would be unable otherwise to obtain the loan under conditions which in the opinion of the Bank are reasonable for the borrower.

(iii) A competent committee, as provided for in Article V, Section 7, has submitted a written report recommending the project after a careful study of the merits of the proposal.

(iv) In the opinion of the Bank the rate of interest and other charges are reasonable and such rate, charges and the schedule for repayment of principal are appropriate to the project.

(v) In making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower, and, if the borrower is not a member, that the guarantor, will be in position to meet its obligations under the loan; and the Bank shall act prudently in the interests both of the particular member in whose territories the project is located and of the members as a whole.

(vi) In guaranteeing a loan made by other investors, the Bank receives suitable compensation for its risk.

(vii) Loans made or guaranteed by the Bank shall, except in special circumstances, be for the purpose of specific projects of reconstruction or development.

SEC. 5. *Use of loans guaranteed, participated in or made by the Bank*

(a) The Bank shall impose no conditions that the proceeds of a loan shall be spent in the territories of any particular member or members.

(b) The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.

(c) In the case of loans made by the Bank, it shall open an account in the name of the borrower and the amount of the loan shall be credited to this account in the currency or currencies in which the loan is made. The borrower shall be permitted by the Bank to draw on this account only to meet expenses in connection with the project as they are actually incurred.

ARTICLE IV. OPERATIONS

SECTION 1. *Methods of making or facilitating loans*

(a) The Bank may make or facilitate loans which satisfy the general conditions of Article III in any of the following ways:

(i) By making or participating in direct loans out of its own funds corresponding to its unimpaired paid-up capital and surplus and, subject to Section 6 of this Article, to its reserves.

(ii) By making or participating in direct loans out of funds raised in the market of a member, or otherwise borrowed by the Bank.

(iii) By guaranteeing in whole or in part loans made by private investors through the usual investment channels.

(b) The Bank may borrow funds under (a) (ii) above or guarantee loans under (a) (iii) above only with the approval of the member in whose markets the funds are raised and the member in whose currency the loan is denominated, and only if those members agree that the proceeds may be exchanged for the currency of any other member without restriction.

SEC. 2. *Availability and transferability of currencies*

(a) Currencies paid into the Bank under Article II, Section 7 (i), shall be loaned only with the approval in each case of the member whose currency is involved; provided, however, that if necessary, after the Bank's subscribed capital has been entirely called, such currencies shall, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to such contractual payments on loans guaranteed by the Bank.

(b) Currencies received by the Bank from borrowers or guarantors in payment on account of principal of direct loans made with currencies referred to in (a) above shall be exchanged for the currencies of other members or reloaned only with the approval in each case of the members whose currencies are involved; provided, however, that if necessary, after the Bank's subscribed capital has been entirely called, such currencies shall, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to such contractual payments on loans guaranteed by the Bank.

(c) Currencies received by the Bank from borrowers or guarantors in payment on account of principal of direct loans made by the Bank under Section 1 (a) (ii) of this Article, shall be held and used, without restriction by the members, to make amortization payments, or to anticipate payment of or repurchase part or all of the Bank's own obligations.

(d) All other currencies available to the Bank, including those raised in the market or otherwise borrowed under Section 1 (a) (ii) of this Article, those obtained by the sale of gold, those received as payments of interest and other charges for direct loans made under Sections 1 (a) (i) and (ii), and those received as payments of commissions and other charges under Section 1 (a) (iii), shall be used or exchanged for other currencies or gold required in the operations of the Bank without restriction by the members whose currencies are offered.

(e) Currencies raised in the markets of members by borrowers on loans guaranteed by the Bank under Section 1 (a) (iii) of this Article, shall also be used or exchanged for other currencies without restriction by such members.

SEC. 3. *Provision of currencies for direct loans*

The following provisions shall apply to direct loans under Sections 1 (a) (i) and (ii) of this Article:

(a) The Bank shall furnish the borrower with such currencies of members, other than the member in whose territories the project is located, as are needed by the borrower for expenditures to be made in the territories of such other members to carry out the purposes of the loan.

(b) The Bank may, in exceptional circumstances when local currency required for the purposes of the loan cannot be raised by the borrower on reasonable terms, provide the borrower as part of the loan with an appropriate amount of that currency.

(c) The Bank, if the project gives rise indirectly to an increased need for foreign exchange by the member in whose territories the project is located, may in exceptional circumstances provide the borrower as part of the loan with an appropriate amount of gold or foreign exchange not in excess of the borrower's local expenditure in connection with the purposes of the loan.

(d) The Bank may, in exceptional circumstances, at the request of a member in whose territories a portion of the loan is spent, repurchase with gold or foreign exchange a part of that member's currency thus spent but in no case shall the part so repurchased exceed the amount by which the expenditure of the loan in those territories gives rise to an increased need for foreign exchange.

SEC. 4. *Payment provisions for direct loans*

Loan contracts under Section 1 (a) (i) or (ii) of this Article shall be made in accordance with the following payment provisions:

(a) The terms and conditions of interest and amortization payments, maturity and dates of payment of each loan shall be determined by the Bank. The Bank shall also determine the rate and any other terms and conditions of commission to be charged in connection with such loan.

In the case of loans made under Section 1 (a) (ii) of this Article during the first ten years of the Bank's operations, this rate of commission shall be not less than one percent per annum and not greater than one and one-half percent per annum, and shall be charged on the outstanding portion of any such loan. At the end of this period of ten years, the rate of commission may be reduced by the Bank with respect both to the outstanding portions of loans already made and to future loans, if the reserves accumulated by the Bank under Section 6 of this Article and out of other earnings are considered by it sufficient to justify a reduction. In the case of future loans the Bank shall also have discretion to increase the rate of commission beyond the above limit, if experience indicates that an increase is advisable.

(b) All loan contracts shall stipulate the currency or currencies in which payments under the contract shall be made to the Bank. At the option of the borrower, however, such payments may be made in gold, or subject to the agreement of the Bank, in the currency of a member other than that prescribed in the contract.

(i) In the case of loans made under Section 1 (a) (i) of this Article, the loan contracts shall provide that payments to the Bank of interest, other charges and amortization shall be made in the currency loaned, unless the member whose currency is loaned agrees that such payments shall be made in some other specified currency or currencies. These payments, subject to the provisions of Article II, Section 9 (c), shall be equivalent to the value of such contractual payments at the time the loans were made, in terms of a currency specified for the purpose by the Bank by a three-fourths majority of the total voting power.

(ii) In the case of loans made under Section 1 (a) (ii) of this Article, the total amount outstanding and payable to the Bank in any one currency shall at no time exceed the total amount of

the outstanding borrowings made by the Bank under Section 1 (a) (ii) and payable in the same currency.

(c) If a member suffers from an acute exchange stringency, so that the service of any loan contracted by that member or guaranteed by it or by one of its agencies cannot be provided in the stipulated manner, the member concerned may apply to the Bank for a relaxation of the conditions of payment. If the Bank is satisfied that some relaxation is in the interests of the particular member and of the operations of the Bank and of its members as a whole, it may take action under either, or both, of the following paragraphs with respect to the whole, or part, of the annual service:

(i) The Bank may, in its discretion, make arrangements with the member concerned to accept service payments on the loan in the member's currency for periods not to exceed three years upon appropriate terms regarding the use of such currency and the maintenance of its foreign exchange value; and for the repurchase of such currency on appropriate terms.

(ii) The Bank may modify the terms of amortization or extend the life of the loan, or both.

SEC. 5. *Guarantees*

(a) In guaranteeing a loan placed through the usual investment channels, the Bank shall charge a guarantee commission payable periodically on the amount of the loan outstanding at a rate determined by the Bank. During the first ten years of the Bank's operations, this rate shall be not less than one percent per annum and not greater than one and one-half percent per annum. At the end of this period of ten years, the rate of commission may be reduced by the Bank with respect both to the outstanding portions of loans already guaranteed and to future loans if the reserves accumulated by the Bank under Section 6 of this Article and out of other earnings are considered by it sufficient to justify a reduction. In the case of future loans the Bank shall also have discretion to increase the rate of commission beyond the above limit, if experience indicates that an increase is advisable.

(b) Guarantee commissions shall be paid directly to the Bank by the borrower.

(c) Guarantees by the Bank shall provide that the Bank may terminate its liability with respect to interest if, upon default by the borrower and by the guarantor, if any, the Bank offers to purchase, at par and interest accrued to a date designated in the offer, the bonds or other obligations guaranteed.

(d) The Bank shall have power to determine any other terms and conditions of the guarantee.

SEC. 6. *Special reserve*

The amount of commissions received by the Bank under Sections 4 and 5 of this Article shall be set aside as a special reserve, which shall be kept available for meeting liabilities of the Bank in accordance with Section 7 of this Article. The special reserve shall be held in such liquid form, permitted under this Agreement, as the Executive Directors may decide.

SEC. 7. *Methods of meeting liabilities of the Bank in case of defaults*

In cases of default on loans made, participated in, or guaranteed by the Bank:

(a) The Bank shall make such arrangements as may be feasible to adjust the obligations under the loans, including arrangements under or analogous to those provided in Section 4 (c) of this Article.

(b) The payments in discharge of the Bank's liabilities on borrowings or guarantees under Section 1 (a) (ii) and (iii) of this Article shall be charged—

(i) first, against the special reserve provided in Section 6 of this Article;

(ii) then, to the extent necessary and at the discretion of the Bank, against the other reserves, surplus and capital available to the Bank.

(c) Whenever necessary to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings, or to meet the Bank's liabilities with respect to similar payments on loans guaranteed by it, the Bank may call an appropriate amount of the unpaid subscriptions of members in accordance with Article II, Sections 5 and 7. Moreover, if it believes that a default may be of long duration, the Bank may call an additional amount of such unpaid subscriptions not to exceed in any one year one percent of the total subscriptions of the members for the following purposes:

(i) To redeem prior to maturity, or otherwise discharge its liability on, all or part of the outstanding principal of any loan guaranteed by it in respect of which the debtor is in default.

(ii) To repurchase, or otherwise discharge its liability on, all or part of its own outstanding borrowings.

SEC. 8. *Miscellaneous operations*

In addition to the operations specified elsewhere in this Agreement, the Bank shall have the power:

(i) To buy and sell securities it has issued and to buy and sell securities which it has guaranteed or in which it has invested, provided that the Bank shall obtain the approval of the member in whose territories the securities are to be bought or sold.

(ii) To guarantee securities in which it has invested for the purpose of facilitating their sale.

(iii) To borrow the currency of any member with the approval of that member.

(iv) To buy and sell such other securities as the directors by a three-fourths majority of the total voting power may deem proper for the investment of all or part of the special reserve under Section 6 of this Article.

In exercising the powers conferred by this section, the Bank may deal with any person, partnership, association, corporation or other legal entity in the territories of any member.

SEC. 9. *Warning to be placed on securities*

Every security guaranteed or issued by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any government unless expressly stated on the security.

SEC. 10. *Political activity prohibited*

The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I.

ARTICLE V. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Bank*

The Bank shall have a Board of Governors, Executive Directors, a President and such other officers and staff to perform such duties as the Bank may determine.

SEC. 2. *Board of Governors*

(a) All the powers of the Bank shall be vested in the Board of Governors consisting of one governor and one alternate appointed by each member in such manner as it may determine. Each governor and each alternate shall serve for five years, subject to the pleasure of the member appointing him, and may be reappointed. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as Chairman.

(b) The Board of Governors may delegate to the Executive Directors authority to exercise any powers of the Board, except the power to:

(i) Admit new members and determine the conditions of their admission;

(ii) Increase or decrease the capital stock;

(iii) Suspend a member;

(iv) Decide appeals from interpretations of this Agreement given by the Executive Directors;

(v) Make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);

(vi) Decide to suspend permanently the operations of the Bank and to distribute its assets;

(vii) Determine the distribution of the net income of the Bank.

(c) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called by the Executive Directors. Meetings of the Board shall be called by the directors whenever requested by five members or by members having one-quarter of the total voting power.

(d) A quorum for any meeting of the Board of Governors shall be a majority of the governors, exercising not less than two-thirds of the total voting power.

(e) The Board of Governors may by regulation establish a procedure whereby the Executive Directors, when they deem such action to be in the best interests of the Bank, may obtain a vote of the Governors on a specific question without calling a meeting of the Board.

(f) The Board of Governors, and the Executive Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Bank.

(g) Governors and alternates shall serve as such without compensation from the Bank, but the Bank shall pay them reasonable expenses incurred in attending meetings.

(h) The Board of Governors shall determine the remuneration to be paid to the Executive Directors and the salary and terms of the contract of service of the President.

SEC. 3. *Voting*

(a) Each member shall have two hundred and fifty votes plus one additional vote for each share of stock held.

(b) Except as otherwise specifically provided, all matters before the Bank shall be decided by a majority of the votes cast.

SEC. 4. *Executive Directors*

(a) The Executive Directors shall be responsible for the conduct of the general operations of the Bank, and for this purpose, shall exercise all the powers delegated to them by the Board of Governors.

(b) There shall be twelve Executive Directors, who need not be governors, and of whom—

(i) five shall be appointed, one by each of the five members having the largest number of shares;

(ii) seven shall be elected according to Schedule B by all the governors other than those appointed by the five members referred to in (i) above.

For the purpose of this paragraph, "members" means governments of countries whose names are set forth in Schedule A, whether they are original members or become members in accordance with Article II, Section 1 (b). When governments of other countries become members, the Board of Governors may, by a four-fifths majority of the total voting power, increase the total number of directors by increasing the number of directors to be elected.

Executive directors shall be appointed or elected every two years.

(c) Each executive director shall appoint an alternate with full power to act for him when he is not present. When the executive directors appointing them are present, alternates may participate in meetings but shall not vote.

(d) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than ninety days before the end of his term, another director shall be elected for the remainder of the term by the governors who elected the former director. A majority of the votes cast shall be required for election. While the office remains vacant, the alternate of the former director shall exercise his powers, except that of appointing an alternate.

(e) The Executive Directors shall function in continuous session at the principal office of the Bank and shall meet as often as the business of the Bank may require.

(f) A quorum for any meeting of the Executive Directors shall be a majority of the directors, exercising not less than one-half of the total voting power.

(g) Each appointed director shall be entitled to cast the number of votes allotted under Section 3 of this Article to the member appointing him. Each elected director shall be entitled to cast the num-

ber of votes which counted toward his election. All the votes which a director is entitled to cast shall be cast as a unit.

(h) The Board of Governors shall adopt regulations under which a member not entitled to appoint a director under (b) above may send a representative to attend any meeting of the Executive Directors when a request made by, or a matter particularly affecting, that member is under consideration.

(i) The Executive Directors may appoint such committees as they deem advisable. Membership of such committees need not be limited to governors or directors or their alternates.

SEC. 5. *President and staff*

(a) The Executive Directors shall select a President who shall not be a governor or an executive director or an alternate for either. The President shall be Chairman of the Executive Directors, but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors, but shall not vote at such meetings. The President shall cease to hold office when the Executive Directors so decide.

(b) The President shall be chief of the operating staff of the Bank and shall conduct, under the direction of the Executive Directors, the ordinary business of the Bank. Subject to the general control of the Executive Directors, he shall be responsible for the organization, appointment and dismissal of the officers and staff.

(c) The President, officers and staff of the Bank, in the discharge of their offices, owe their duty entirely to the Bank and to no other authority. Each member of the Bank shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

(d) In appointing the officers and staff the President shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

SEC. 6. *Advisory Council*

(a) There shall be an Advisory Council of not less than seven persons selected by the Board of Governors including representatives of banking, commercial, industrial, labor, and agricultural interests, and with as wide a national representation as possible. In those fields where specialized international organizations exist, the members of the Council representative of those fields shall be selected in agreement with such organizations. The Council shall advise the Bank on matters of general policy. The Council shall meet annually and on such other occasions as the Bank may request.

(b) Councillors shall serve for two years and may be reappointed. They shall be paid their reasonable expenses incurred on behalf of the Bank.

SEC. 7. *Loan committees*

The committees required to report on loans under Article III, Section 4, shall be appointed by the Bank. Each such committee shall include an expert selected by the governor representing the member in whose territories the project is located and one or more members of the technical staff of the Bank.

SEC. 8. *Relationship to other international organizations*

(a) The Bank, within the terms of this Agreement, shall cooperate with any general international organization and with public international organizations having specialized responsibilities in related fields. Any arrangements for such cooperation which would involve a modification of any provision of this Agreement may be affected only after amendment to this Agreement under Article VIII.

(b) In making decisions on applications for loans or guarantees relating to matters directly within the competence of any international organization of the types specified in the preceding paragraph and participated in primarily by members of the Bank, the Bank shall give consideration to the views and recommendations of such organization.

SEC. 9. *Location of offices*

(a) The principal office of the Bank shall be located in the territory of the member holding the greatest number of shares.

(b) The Bank may establish agencies or branch offices in the territories of any member of the Bank.

SEC. 10. *Regional offices and councils*

(a) The Bank may establish regional offices and determine the location of, and the areas to be covered by, each regional office.

(b) Each regional office shall be advised by a regional council representative of the entire area and selected in such manner as the Bank may decide.

SEC. 11. *Depositories*

(a) Each member shall designate its central bank as a depository for all the Bank's holdings of its currency or, if it has no central bank, it shall designate such other institution as may be acceptable to the Bank.

(b) The Bank may hold other assets, including gold, in depositories designated by the five members having the largest number of shares and in such other designated depositories as the Bank may select. Initially, at least one-half of the gold holdings of the Bank shall be held in the depository designated by the member in whose territory the Bank has its principal office, and at least forty percent shall be held in the depositories designated by the remaining four members referred to above, each of such depositories to hold, initially, not less than the amount of gold paid on the shares of the member designating it. However, all transfers of gold by the Bank shall be made with due regard to the costs of transport and anticipated requirements of the Bank. In an emergency the Executive Directors may transfer all or any part of the Bank's gold holdings to any place where they can be adequately protected.

SEC. 12. *Form of holdings of currency*

The Bank shall accept from any member, in place of any part of the member's currency, paid in to the Bank under Article II, Section 7 (i), or to meet amortization payments on loans made with such currency, and not needed by the Bank in its operations, notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be non-negotiable, non-

interest-bearing and payable at their par value on demand by credit to the account of the Bank in the designated depository.

SEC. 13. *Publication of reports and provision of information*

(a) The Bank shall publish an annual report containing an audited statement of its accounts and shall circulate to members at intervals of three months or less a summary statement of its financial position and a profit and loss statement showing the results of its operations.

(b) The Bank may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements and publications made under this section shall be distributed to members.

SEC. 14. *Allocation of net income*

(a) The Board of Governors shall determine annually what part of the Bank's net income, after making provision for reserves, shall be allocated to surplus and what part, if any, shall be distributed.

(b) If any part is distributed, up to two percent non-cumulative shall be paid, as a first charge against the distribution for any year, to each member on the basis of the average amount of the loans outstanding during the year made under Article IV, Section 1 (a) (i), out of currency corresponding to its subscription. If two percent is paid as a first charge, any balance remaining to be distributed shall be paid to all members in proportion to their shares. Payments to each member shall be made in its own currency, or if that currency is not available, in other currency acceptable to the member. If such payments are made in currencies other than the member's own currency, the transfer of the currency and its use by the receiving member after payment shall be without restriction by the members.

ARTICLE VI. WITHDRAWAL AND SUSPENSION OF MEMBERSHIP: SUSPENSION OF OPERATIONS

SECTION 1. *Right of members to withdraw*

Any member may withdraw from the Bank at any time by transmitting a notice in writing to the Bank at its principal office. Withdrawal shall become effective on the date such notice is received.

SEC. 2. *Suspension of membership*

If a member fails to fulfill any of its obligations to the Bank, the Bank may suspend its membership by decision of a majority of the governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority to restore the member to good standing.

While under suspension, a member shall not be entitled to exercise any rights under this Agreement, except the right of withdrawal, but shall remain subject to all obligations.

SEC. 3. *Cessation of membership in International Monetary Fund*

Any member which ceases to be a member of the International Monetary Fund shall automatically cease after three months to be a member of the Bank unless the Bank by three-fourths of the total voting power has agreed to allow it to remain a member.

SEC. 4. *Settlement of accounts with governments ceasing to be members*

(a) When a government ceases to be a member, it shall remain liable for its direct obligations to the Bank and for its contingent liabilities to the Bank so long as any part of the loans or guarantees contracted before it ceased to be a member are outstanding; but it shall cease to incur liabilities with respect to loans and guarantees entered into thereafter by the Bank and to share either in the income or the expenses of the Bank.

(b) At the time a government ceases to be a member, the Bank shall arrange for the repurchase of its shares as a part of the settlement of accounts with such government in accordance with the provisions of (c) and (d) below. For this purpose the repurchase price of the shares shall be the value shown by the books of the Bank on the day the government ceases to be a member.

(c) The payment for shares repurchased by the Bank under this section shall be governed by the following conditions:

(i) Any amount due to the government for its shares shall be withheld so long as the government, its central bank or any of its agencies remains liable, as borrower or guarantor, to the Bank and such amount may, at the option of the Bank, be applied on any such liability as it matures. No amount shall be withheld on account of the liability of the government resulting from its subscription for shares under Article II, Section 5 (ii). In any event, no amount due to a member for its shares shall be paid until six months after the date upon which the government ceases to be a member.

(ii) Payments for shares may be made from time to time, upon their surrender by the government, to the extent by which the amount due as the repurchase price in (b) above exceeds the aggregate of liabilities on loans and guarantees in (c) (i) above until the former member has received the full repurchase price.

(iii) Payments shall be made in the currency of the country receiving payment or at the option of the Bank in gold.

(iv) If losses are sustained by the Bank on any guarantees, participations in loans, or loans which were outstanding on the date when the government ceased to be a member, and the amount of such losses exceeds the amount of the reserve provided against losses on the date when the government ceased to be a member, such government shall be obligated to repay upon demand the amount by which the repurchase price of its shares would have been reduced, if the losses had been taken into account when the repurchase price was determined. In addition, the former member government shall remain liable on any call for unpaid subscriptions under Article II, Section 5 (ii), to the extent that it would have been required to respond if the impairment of capital had occurred and the call had been made at the time the repurchase price of its shares was determined.

(d) If the Bank suspends permanently its operations under Section 5 (b) of this Article, within six months of the date upon which any government ceases to be a member, all rights of such government shall be determined by the provisions of Section 5 of this Article.

SEC. 5. *Suspension of operations and settlement of obligations*

(a) In an emergency the Executive Directors may suspend temporarily operations in respect of new loans and guarantees pending an opportunity for further consideration and action by the Board of Governors.

(b) The Bank may suspend permanently its operations in respect of new loans and guarantees by vote of a majority of the governors, exercising a majority of the total voting power. After such suspension of operations the Bank shall forthwith cease all activities, except those incident to the orderly realization, conservation, and preservation of its assets and settlement of its obligations.

(c) The liability of all members for uncalled subscriptions to the capital stock of the Bank and in respect of the depreciation of their own currencies shall continue until all claims of creditors, including all contingent claims, shall have been discharged.

(d) All creditors holding direct claims shall be paid out of the assets of the Bank, and then out of payments to the Bank on calls on unpaid subscriptions. Before making any payments to creditors holding direct claims, the Executive Directors shall make such arrangements as are necessary, in their judgment, to insure a distribution to holders of contingent claims ratably with creditors holding direct claims.

(e) No distribution shall be made to members on account of their subscriptions to the capital stock of the Bank until—

(i) all liabilities to creditors have been discharged or provided for, and

(ii) a majority of the governors, exercising a majority of the total voting power, have decided to make a distribution.

(f) After a decision to make a distribution has been taken under (e) above, the Executive Directors, may by a two-thirds majority vote, make successive distributions of the assets of the Bank to members until all of the assets have been distributed. This distribution shall be subject to the prior settlement of all outstanding claims of the Bank against each member.

(g) Before any distribution of assets is made, the Executive Directors shall fix the proportionate share of each member according to the ratio of its shareholding to the total outstanding shares of the Bank.

(h) The Executive Directors shall value the assets to be distributed as at the date of distribution and then proceed to distribute in the following manner:

(i) There shall be paid to each member in its own obligations or those of its official agencies or legal entities within its territories, insofar as they are available for distribution, an amount equivalent in value to its proportionate share of the total amount to be distributed.

(ii) Any balance due to a member after payment has been made under (i) above shall be paid, in its own currency, insofar as it is held by the Bank, up to an amount equivalent in value to such balance.

(iii) Any balance due to a member after payment has been made under (i) and (ii) above shall be paid in gold or currency acceptable to the member, insofar as they are held by the Bank, up to an amount equivalent in value to such balance.

(iv) Any remaining assets held by the Bank after payments have been made to members under (i), (ii), and (iii) above shall be distributed *pro rata* among the members.

(i) Any member receiving assets distributed by the Bank in accordance with (h) above, shall enjoy the same rights with respect to such assets as the Bank enjoyed prior to their distribution.

Article VII. Status, Immunities and Privileges

Section 1. *Purposes of Article*

To enable the Bank to fulfill the functions with which it is entrusted, the status, immunities and privileges set forth in this Article shall be accorded to the Bank in the territories of each member.

Sec. 2. *Status of the Bank*

The Bank shall possess full juridical personality, and, in particular, the capacity—

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

Sec. 3. *Position of the Bank with regard to judicial process*

Actions may be brought against the Bank only in a court of competent jurisdiction in the territories of a member in which the Bank has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Bank shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank.

Sec. 4. *Immunity of assets from seizure*

Property and assets of the Bank, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

Sec. 5. *Immunity of archives*

The archives of the Bank shall be inviolable.

Sec. 6. *Freedom of assets from restrictions*

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of this Agreement, all property and assets of the Bank shall be free from restrictions, regulations, controls and moratoria of any nature.

Sec. 7. *Privilege for communications*

The official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of other members.

Sec. 8. *Immunities and privileges of officers and employees*

All governors, executive directors, alternates, officers and employees of the Bank—

(i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Bank waives this immunity;

(ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SEC. 9. *Immunities from taxation*

(a) The Bank, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Bank shall also be immune from liability for the collection or payment of any tax or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to executive directors, alternates, officials or employees of the Bank who are not local citizens local subjects, or other local nationals.

(c) No taxation of any kind shall be levied on any obligation or security issued by the Bank (including any dividend or interest thereon) by whomsoever held—

(i) which discriminates against such obligation or security solely because it is issued by the Bank; or

(ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

(d) No taxation of any kind shall be levied on any obligation or security guaranteed by the Bank (including any dividend or interest thereon) by whomsoever held—

(i) which discriminates against such obligation or security solely because it is guaranteed by the Bank; or

(ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Bank.

SEC. 10. *Application of Article*

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Bank of the detailed action which it has taken.

ARTICLE VIII. AMENDMENTS

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a governor or the Executive Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board the Bank shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members having

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four-fifths of the total voting power, have accepted the proposed amendments, the Bank shall certify the fact by formal communication addressed to all members.

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying—

(i) the right to withdraw from the Bank provided in Article VI, Section 1;

(ii) the right secured by Article II, Section 3 (c);

(iii) the limitation on liability provided in Article II, Section 6.

(c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

Article IX. Interpretation

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Bank or between any members of the Bank shall be submitted to the Executive Directors for their decision. If the question particularly affects any member not entitled to appoint an executive director, it shall be entitled to representation in accordance with Article V, Section 4 (h).

(b) In any case where the Executive Directors have given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board, the Bank may, so far as it deems necessary, act on the basis of the decision of the Executive Directors.

(c) Whenever a disagreement arises between the Bank and a country which has ceased to be a member, or between the Bank and any member during the permanent suspension of the Bank, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Bank, another by the country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the Permanent Court of International Justice or such other authority as may have been prescribed by regulation adopted by the Bank. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

Article X. Approval Deemed Given

Whenever the approval of any member is required before any act may be done by the Bank, except in Article VIII, approval shall be deemed to have been given unless the member presents an objection within such reasonable period as the Bank may fix in notifying the member of the proposed act.

Article XI. Final Provisions

Section 1. *Entry into force*

This Agreement shall enter into force when it has been signed on behalf of governments whose minimum subscriptions comprise not

less than sixty-five percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2 (a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before May 1, 1945.

SEC. 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Government of the United States of America an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Bank as from the date of the deposit on its behalf of the instrument referred to in (a) above, except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) The Government of the United States of America shall inform the governments of all countries whose names are set forth in Schedule A, and all governments whose membership is approved in accordance with Article II, Section 1 (b), of all signatures of this Agreement and of the deposit of all instruments referred to in (a) above.

(d) At the time this Agreement is signed on its behalf, each government shall transmit to the Government of the United States of America one one-hundredth of one percent of the price of each share in gold or United States dollars for the purpose of meeting administrative expenses of the Bank. This payment shall be credited on account of the payment to be made in accordance with Article II, Section 8 (a). The Government of the United States of America shall hold such funds in a special deposit account and shall transmit them to the Board of Governors of the Bank when the initial meeting has been called under Section 3 of this Article. If this Agreement has not come into force by December 31, 1945, the Government of the United States of America shall return such funds to the governments that transmitted them.

(e) This Agreement shall remain open for signature at Washington on behalf of the governments of the countries whose names are set forth in Schedule A until December 31, 1945.

(f) After December 31, 1945, this Agreement shall be open for signature on behalf of the government of any country whose membership has been approved in accordance with Article II, Section 1 (b).

(g) By their signature of this Agreement, all governments accept it both on their own behalf and in respect of all their colonies, overseas territories, all territories under their protection, suzerainty, or authority and all territories in respect of which they exercise a mandate.

(h) In the case of governments whose metropolitan territories have been under enemy occupation, the deposit of the instrument referred to in (a) above may be delayed until one hundred and eighty days after the date on which these territories have been liberated. If, however, it is not deposited by any such government before the expiration of this period, the signature affixed on behalf of that government shall become void and the portion of its subscription paid under (d) above shall be returned to it.

(i) Paragraphs (d) and (h) shall come into force with regard to each signatory government as from the date of its signature.

SEC. 3. *Inauguration of the Bank*

(a) As soon as this Agreement enters into force under Section 1 of this Article, each member shall appoint a governor and the member to whom the largest number of shares is allocated in Schedule A shall call the first meeting of the Board of Governors.

(b) At the first meeting of the Board of Governors, arrangements shall be made for the selection of provisional executive directors. The governments of the five countries, to which the largest number of shares are allocated in Schedule A, shall appoint provisional executive directors. If one or more of such governments have not become members, the executive directorships which they would be entitled to fill shall remain vacant until they become members, or until January 1, 1946, whichever is the earlier. Seven provisional executive directors shall be elected in accordance with the provisions of Schedule B and shall remain in office until the date of the first regular election of executive directors which shall be held as soon as practicable after January 1, 1946.

(c) The Board of Governors may delegate to the provisional executive directors any powers except those which may not be delegated to the Executive Directors.

(d) The Bank shall notify members when it is ready to commence operations.

DONE at Washington, in a single copy which shall remain deposited in the Archives of the Government of the United States of America, which shall transmit certified copies to all governments whose names are set forth in Schedule A and to all governments whose Membership is approved in accordance with Article II, Section 1 (b).

SCHEDULE A. SUBSCRIPTIONS

	Millions of dollars		*Millions of dollars*
Australia	200	Iran	24
Belgium	225	Iraq	6
Bolivia	7	Liberia	.5
Brazil	105	Luxembourg	10
Canada	325	Mexico	65
Chile	35	Netherlands	275
China	600	New Zealand	50
Colombia	35	Nicaragua	.8
Costa Rica	2	Norway	50
Cuba	35	Panama	.2
Czechoslovakia	125	Paraguay	.8
Denmark	(1)	Peru	17.5
Dominican Republic	2	Philippine Commonwealth	15
Ecuador	3.2	Poland	125
Egypt	40	Union of South Africa	100
El Salvador	1	U. S. S. R.	1,200
Ethiopia	3	United Kingdom	1,300
France	450	United States	3,175
Greece	25	Uruguay	10.5
Guatemala	2	Venezuela	10.5
Haiti	2	Yugoslavia	40
Honduras	1		
Iceland	1		
India	400	Total	9,100

[1] The quota of Denmark shall be determined by the Bank after Denmark accepts membership in accordance with these Articles of Agreement.

Schedule B. Election of Executive Directors

1. The election of the elective executive directors shall be by ballot of the governors eligible to vote under Article V, Section 4 (b).

2. In balloting for the elective executive directors, each governor eligible to vote shall cast for one person all of the votes to which the member appointing him is entitled under Section 3 of Article V. The seven persons receiving the greatest number of votes shall be executive directors, except that no person who receives less than fourteen percent of the total of the votes which can be cast (eligible votes) shall be considered elected.

3. When seven persons are not elected on the first ballot, a second ballot shall be held in which the person who received the lowest number of votes shall be ineligible for election and in which there shall vote only (a) those governors who voted in the first ballot for a person not elected and (b) those governors whose votes for a person elected are deemed under 4 below to have raised the votes cast for that person above fifteen percent of the eligible votes.

4. In determining whether the votes cast by a governor are to be deemed to have raised the total of any person above fifteen percent of the eligible votes, the fifteen percent shall be deemed to include, first, the votes of the governor casting the largest number of votes for such person, then the votes of the governor casting the next largest number, and so on until fifteen percent is reached.

5. Any governor, part of whose votes must be counted in order to raise the total of any person above fourteen percent, shall be considered as casting all of his votes for such person even if the total votes for such person thereby exceed fifteen percent.

6. If, after the second ballot, seven persons have not been elected, further ballots shall be held on the same principles until seven persons have been elected, provided that after six persons are elected, the seventh may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.

5. International Finance Corporation Act, Public Law 350, 84th Congress [S. 1894], 69 Stat. 669, approved August 11, 1955

AN ACT To provide for the participation of the United States in the International Finance Corporation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Finance Corporation Act".

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the International Finance Corporation (hereinafter referred to as the Corporation), provided for by the Articles of Agreement of the Corporation deposited in the archives of the International Bank for Reconstruction and Development.

GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

SEC. 3. The governor and executive director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286a), shall serve as governor, director and alternates, respectively, of the Corporation.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286b), shall apply with respect to the Corporation to the same extent as with respect to the International Bank for Reconstruction and Development. Reports with respect to the Corporation under paragraphs 5 and 6 of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Corporation and in each succeeding report.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States (a) subscribe to additional shares of stock under article II, section 3, of the Articles of Agreement of the Corporation; (b) accept any amendment under article VII of the Articles of Agreement of

the Corporation; (c) make any loan to the Corporation. Unless Congress by law authorizes such action, no governor or alternate representing the United States shall vote for an increase of capital stock of the Corporation under article II, section 2 (c) (ii), of the Articles of Agreement of the Corporation.

DEPOSITORIES

SEC. 6. Any Federal Reserve bank which is requested to do so by the Corporation shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) The Secretary of the Treasury is authorized to pay the subscription of the United States to the Corporation and for this purpose is authorized to use as a public-debt transaction not to exceed $35,168,000 of the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection of the subscription of the United States to the Corporation and any repayment thereof shall be treated as public-debt transactions of the United States.

(b) Any payment of dividends made to the United States by the Corporation shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION AND VENUE OF ACTIONS

SEC. 8. For the purpose of any action which may be brought within the United States or its Territories or possessions by or against the Corporation in accordance with the Articles of Agreement of the Corporation, the Corporation shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which the Corporation shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When the Corporation is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES AND PRIVILEGES

SEC. 9. The provisions of article V, section 5 (d), and article VI, sections 2 to 9, both inclusive, of the Articles of Agreement of the Corporation shall have full force and effect in the United States and its Territories and possessions upon acceptance of membership by the United States in, and the establishment of, the Corporation.

Approved August 11, 1955.

6. International Finance Corporation

Text of Articles of Agreement

The governments on whose behalf this Agreement is signed agree as follows:

INTRODUCTORY ARTICLE

The International Finance Corporation (hereinafter called the Corporation) is established and shall operate in accordance with the following provisions:

ARTICLE I. PURPOSE

The purpose of the Corporation is to further economic development by encouraging the growth of productive private enterprise in member countries, particularly in the less developed areas, thus supplementing the activities of the International Bank for Reconstruction and Development (hereinafter called the Bank). In carrying out this purpose, the Corporation shall—

(i) in association with private investors, assist in financing the establishment, improvement and expansion of productive private enterprises which would contribute to the development of its member countries by making investments, without guarantee of repayment by the member government concerned, in cases where sufficient private capital is not available on reasonable terms;

(ii) seek to bring together investment opportunities, domestic and foreign private capital, and experienced management; and

(iii) seek to stimulate, and to help create conditions conducive to, the flow of private capital, domestic and foreign, into productive investment in member countries.

The Corporation shall be guided in all its decisions by the provisions of this Article.

ARTICLE II. MEMBERSHIP AND CAPITAL

SECTION 1. *Membership*

(a) The original members of the Corporation shall be those members of the Bank listed in Schedule A hereto which shall, on or before the date specified in Article IX, Section 2 (c), accept membership in the Corporation.

(b) Membership shall be open to other members of the Bank at such times and in accordance with such terms as may be prescribed by the Corporation.

SEC. 2. *Capital Stock*

(a) The authorized capital stock of the Corporation shall be $100,000,000, in terms of United States dollars.

(b) The authorized capital stock shall be divided into 100,000 shares having a par value of one thousand United States dollars each. Any such shares not initially subscribed by original members shall be available for subsequent subscription in accordance with Section 3 (d) of this Article.

(c) The amount of capital stock at any time authorized may be increased by the Board of Governors as follows:

(i) by a majority of the votes cast, in case such increase is necessary for the purpose of issuing shares of capital stock on initial subscription by members other than original members, provided that the aggregate of any increases authorized pursuant to this subparagraph shall not exceed 10,000 shares;

(ii) in any other case, by a three-fourths majority of the total voting power.

(d) In case of an increase authorized pursuant to paragraph (c) (ii) above, each member shall have a reasonable opportunity to subscribe, under such conditions as the Corporation shall decide, to a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Corporation, but no member shall be obligated to subscribe to any part of the increased capital.

(e) Issuance of shares of stock, other than those subscribed either on initial subscription or pursuant to paragraph (d) above, shall require a three-fourths majority of the total voting power.

(f) Shares of stock of the Corporation shall be available for subscription only by, and shall be issued only to, members.

SEC. 3. *Subscriptions*

(a) Each original member shall subscribe to the number of shares of stock set forth opposite its name in Schedule A. The number of shares of stock to be subscribed by other members shall be determined by the Corporation.

(b) Shares of stock initially subscribed by original members shall be issued at par.

(c) The initial subscription of each original member shall be payable in full within 30 days after either the date on which the Corporation shall begin operations pursuant to Article IX, Section 3 (b), or the date on which such original member becomes a member, whichever shall be later, or at such date thereafter as the Corporation shall determine. Payment shall be made in gold or United States dollars in response to a call by the Corporation which shall specify the place or places of payment.

(d) The price and other terms of subscription of shares of stock to be subscribed, otherwise than on initial subscription by original members, shall be determined by the Corporation.

SEC. 4. *Limitation on Liability*

No member shall be liable, by reason of its membership, for obligations of the Corporation.

SEC. 5. *Restriction on Transfers and Pledges of Shares*

Shares of stock shall not be pledged or encumbered in any manner whatever, and shall be transferable only to the Corporation.

Article III. Operations

Section 1. *Financing Operations*

The Corporation may make investments of its funds in productive private enterprises in the territories of its members. The existence of a government or other public interest in such an enterprise shall not necessarily preclude the Corporation from making an investment therein.

Sec. 2. *Forms of Financing*

(a) The Corporation's financing shall not take the form of investments in capital stock. Subject to the foregoing, the Corporation may make investments of its funds in such form or forms as it may deem appropriate in the circumstances, including (but without limitation) investments according to the holder thereof the right to participate in earnings and the right to subscribe to, or to convert the investment into, capital stock.

(b) The Corporation shall not itself exercise any right to subscribe to, or to convert any investment into, capital stock.

Sec. 3. *Operational Principles*

The operations of the Corporation shall be conducted in accordance with the following principles:

(i) the Corporation shall not undertake any financing for which in its opinion sufficient private capital could be obtained on reasonable terms;

(ii) the Corporation shall not finance an enterprise in the territories of any member if the member objects to such financing;

(iii) the Corporation shall impose no conditions that the proceeds of any financing by it shall be spent in the territories of any particular country;

(iv) the Corporation shall not assume responsibility for managing any enterprise in which it has invested;

(v) the Corporation shall undertake its financing on terms and conditions which it considers appropriate, taking into account the requirements of the enterprise, the risks being undertaken by the Corporation and the terms and conditions normally obtained by private investors for similar financing;

(vi) the Corporation shall seek to revolve its funds by selling its investments to private investors whenever it can appropriately do so on satisfactory terms;

(vii) the Corporation shall seek to maintain a reasonable diversification in its investments.

Sec. 4. *Protection of Interests*

Nothing in this Agreement shall prevent the Corporation, in the event of actual or threatened default on any of its investments, actual or threatened insolvency of the enterprise in which such investment shall have been made, or other situations which, in the opinion of the Corporation, threaten to jeopardize such investment, from taking such action and exercising such rights as it may deem necessary for the protection of its interests.

Sec. 5. *Applicability of Certain Foreign Exchange Restrictions*

Funds received by or payable to the Corporation in respect of an investment of the Corporation made in any member's territories pur-

suant to Section 1 of this Article shall not be free, solely by reason of any provision of this Agreement, from generally applicable foreign exchange restrictions, regulations and controls in force in the territories of that member.

SEC. 6. *Miscellaneous Operations*

In addition to the operations specified elsewhere in this Agreement, the Corporation shall have the power to—

(i) borrow funds, and in that connection to furnish such collateral or other security therefor as it shall determine; provided, however, that before making a public sale of its obligations in the markets of a member, the Corporation shall have obtained the approval of that member and of the member in whose currency the obligations are to be denominated;

(ii) invest funds not needed in its financing operations in such obligations as it may determine and invest funds held by it for pension or similar purposes in any marketable securities, all without being subject to the restrictions imposed by other sections of this Article;

(iii) guarantee securities in which it has invested in order to facilitate their sale;

(iv) buy and sell securities it has issued or guaranteed or in which it has invested;

(v) exercise such other powers incidental to its business as shall be necessary or desirable in furtherance of its purposes.

SEC. 7. *Valuation of Currencies*

Whenever it shall become necessary under this Agreement to value any currency in terms of the value of another currency, such valuation shall be as reasonably determined by the Corporation after consultation with the International Monetary Fund.

SEC. 8. *Warning To Be Placed on Securities*

Every security issued or guaranteed by the Corporation shall bear on its face a conspicuous statement to the effect that it is not an obligation of the Bank or, unless expressly stated on the security, of any government.

SEC. 9. *Political Activity Prohibited*

The Corporation and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in this Agreement.

ARTICLE IV. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Corporation*

The Corporation shall have a Board of Governors, a Board of Directors, a Chairman of the Board of Directors, a President and such other officers and staff to perform such duties as the Corporation may determine.

SEC. 2. *Board of Governors*

(a) All the powers of the Corporation shall be vested in the Board of Governors.

(b) Each governor and alternate governor of the Bank appointed by a member of the Bank which is also a member of the Corporation shall *ex officio* be a governor or alternate governor, respectively, of the Corporation. No alternate governor may vote except in the absence of his principal. The Board of Governors shall select one of the governors as Chairman of the Board of Governors. Any governor or alternate governor shall cease to hold office if the member by which he was appointed shall cease to be a member of the Corporation.

(c) The Board of Governors may delegate to the Board of Directors authority to exercise any of its powers, except the power to—

(i) admit new members and determine the conditions of their admission;

(ii) increase or decrease the capital stock;

(iii) suspend a member;

(iv) decide appeals from interpretations of this Agreement given by the Board of Directors;

(v) make arrangements to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);

(vi) decide to suspend permanently the operations of the Corporation and to distribute its assets;

(vii) declare dividends;

(viii) amend this Agreement.

(d) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Board of Directors.

(e) The annual meeting of the Board of Governors shall be held in conjunction with the annual meeting of the Board of Governors of the Bank.

(f) A quorum for any meeting of the Board of Governors shall be a majority of the governors, exercising not less than two-thirds of the total voting power.

(g) The Corporation may by regulation establish a procedure whereby the Board of Directors may obtain a vote of the governors on a specific question without calling a meeting of the Board of Governors.

(h) The Board of Governors, and the Board of Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Corporation.

(i) Governors and alternate governors shall serve as such without compensation from the Corporation.

SEC. 3. *Voting*

(a) Each member shall have two hundred and fifty votes plus one additional vote for each share of stock held.

(b) Except as otherwise expressly provided, all matters before the Corporation shall be decided by a majority of the votes cast.

SEC. 4. *Board of Directors*

(a) The Board of Directors shall be responsible for the conduct of the general operations of the Corporation, and for this purpose shall

exercise all the powers given to it by this Agreement or delegated to it by the Board of Governors.

(b) The Board of Directors of the Corporation shall be composed *ex officio* of each Executive Director of the Bank who shall have been either (i) appointed by a member of the Bank which is also a member of the Corporation, or (ii) elected in an election in which the votes of at least one member of the Bank which is also a member of the Corporation shall have counted toward his election. The alternate to each such Executive Director of the Bank shall *ex officio* be an alternate director of the Corporation. Any director shall cease to hold office if the member by which he was appointed, or if all the members whose votes counted toward his election, shall cease to be members of the Corporation.

(c) Each director who is an appointed Executive Director of the Bank shall be entitled to cast the number of votes which the member by which he was so appointed is entitled to cast in the Corporation. Each director who is an elected Executive Director of the Bank shall be entitled to cast the number of votes which the member or members of the Corporation whose votes counted toward his election in the Bank are entitled to cast in the Corporation. All the votes which a director is entitled to cast shall be cast as a unit.

(d) An alternate director shall have full power to act in the absence of the director who shall have appointed him. When a director is present his alternate may participate in meetings but shall not vote.

(e) A quorum for any meeting of the Board of Directors shall be a majority of the directors exercising not less than one-half of the total voting power.

(f) The Board of Directors shall meet as often as the business of the Corporation may require.

(g) The Board of Governors shall adopt regulations under which a member of the Corporation not entitled to appoint an Executive Director of the Bank may send a representative to attend any meeting of the Board of Directors of the Corporation when a request made by, or a matter particularly affecting, that member is under consideration.

SEC. 5. *Chairman, President and Staff*

(a) The President of the Bank shall be *ex officio* Chairman of the Board of Directors of the Corporation, but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors but shall not vote at such meetings.

(b) The President of the Corporation shall be appointed by the Board of Directors on the recommendation of the Chairman. The President shall be chief of the operating staff of the Corporation. Under the direction of the Board of Directors and the general supervision of the Chairman, he shall conduct the ordinary business of the Corporation and under their general control shall be responsible for the organization, appointment and dismissal of the officers and staff. The President may participate in meetings of the Board of Directors but shall not vote at such meetings. The President shall cease to hold

office by decision of the Board of Directors in which the Chairman concurs.

(c) The President, officers and staff of the Corporation, in the discharge of their offices, owe their duty entirely to the Corporation and to no other authority. Each member of the Corporation shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

(d) Subject to the paramount importance of securing the highest standards of efficiency and of technical competence, due regard shall be paid, in appointing the officers and staff of the Corporation, to the importance of recruiting personnel on as wide a geographical basis as possible.

SEC. 6. *Relationship to the Bank*

(a) The Corporation shall be an entity separate and distinct from the Bank and the funds of the Corporation shall be kept separate and apart from those of the Bank. The Corporation shall not lend to or borrow from the Bank. The provisions of this section shall not prevent the Corporation from making arrangements with the Bank regarding facilities, personnel and services and arrangements for reimbursement of administrative expenses paid in the first instance by either organization on behalf of the other.

(b) Nothing in this Agreement shall make the Corporation liable for the acts or obligations of the Bank, or the Bank liable for the acts or obligations of the Corporation.

SEC. 7. *Relations With Other International Organizations*

The Corporation, acting through the Bank, shall enter into formal arrangements with the United Nations and may enter into such arrangements with other public international organizations having specialized responsibilities in related fields.

SEC. 8. *Location of Offices*

The principal office of the Corporation shall be in the same locality as the principal office of the Bank. The Corporation may establish other offices in the territories of any member.

SEC. 9. *Depositories*

Each member shall designate its central bank as a depository in which the Corporation may keep holdings of such member's currency or other assets of the Corporation or, if it has no central bank, it shall designate for such purpose such other institution as may be acceptable to the Corporation.

SEC. 10. *Channel of Communication*

Each member shall designate an appropriate authority with which the Corporation may communicate in connection with any matter arising under this Agreement.

SEC. 11. *Publication of Reports and Provision of Information*

(a) The Corporation shall publish an annual report containing an audited statement of its accounts and shall circulate to members at appropriate intervals a summary statement of its financial position and a profit and loss statement showing the results of its operations.

(b) The Corporation may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements and publications made under this section shall be distributed to members.

SEC. 12. *Dividends*

(a) The Board of Governors may determine from time to time what part of the Corporation's net income and surplus, after making appropriate provision for reserves, shall be distributed as dividends.

(b) Dividends shall be distributed *pro rata* in proportion to capital stock held by members.

(c) Dividends shall be paid in such manner and in such currency or currencies as the Corporation shall determine.

ARTICLE V. WITHDRAWAL; SUSPENSION OF MEMBERSHIP; SUSPENSION OF OPERATIONS

SECTION 1. *Withdrawal by Members*

Any member may withdraw from membership in the Corporation at any time by transmitting a notice in writing to the Corporation at its principal office. Withdrawal shall become effective upon the date such notice is received.

SEC. 2. *Suspension of Membership*

(a) If a member fails to fulfill any of its obligations to the Corporation, the Corporation may suspend its membership by decision of a majority of the governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority to restore the member to good standing.

(b) While under suspension, a member shall not be entitled to exercise any rights under this Agreement except the right of withdrawal, but shall remain subject to all obligations.

SEC. 3. *Suspension or Cessation of Membership in the Bank*

Any member which is suspended from membership in, or ceases to of a majority of the governors, exercising a majority of the total votbership in, or cease to be a member of, the Corporation, as the case may be.

SEC. 4. *Rights and Duties of Governments Ceasing To Be Members*

(a) When a government ceases to be a member it shall remain liable for all amounts due from it to the Corporation. The Corporation shall arrange for the repurchase of such government's capital stock as a part of the settlement of accounts with it in accordance with the provisions of this section, but the government shall have no other rights under this Agreement except as provided in this section and in Article VIII (c).

(b) The Corporation and the government may agree on the repurchase of the capital stock of the government on such terms as may be appropriate under the circumstances, without regard to the provisions of paragraph (c) below. Such agreement may provide, among other things, for a final settlement of all obligations of the government to the Corporation.

(c) If such agreement shall not have been made within six months after the government ceases to be a member or such other time as the

Corporation and such government may agree, the repurchase price of the government's capital stock shall be the value thereof shown by the books of the Corporation on the day when the government ceases to be a member. The repurchase of the capital stock shall be subject to the following conditions:

(i) payments for shares of stock may be made from time to time, upon their surrender by the government, in such instalments, at such times and in such available currency or currencies as the Corporation reasonably determines, taking into account the financial position of the Corporation;

(ii) any amount due to the government for its capital stock shall be withheld so long as the government or any of its agencies remains liable to the Corporation for payment of any amount and such amount may, at the option of the Corporation, be set off, as it becomes payable, against the amount due from the Corporation;

(iii) if the Corporation sustains a net loss on the investments made pursuant to Article III, Section 1, and held by it on the date when the government ceases to be a member, and the amount of such loss exceeds the amount of the reserves provided therefor on such date, such government shall repay on demand the amount by which the repurchase price of its shares of stock would have been reduced if such loss had been taken into account when the repurchase price was determined.

(d) In no event shall any amount due to a government for its capital stock under this section be paid until six months after the date upon which the government ceases to be a member. If within six months of the date upon which any government ceases to be a member the Corporation suspends operations under Section 5 of this Article, all rights of such government shall be determined by the provisions of such Section 5 and such government shall be considered still a member of the Corporation for purposes of such Section 5, except that it shall have no voting rights.

SEC. 5. *Suspension of Operations and Settlement of Obligations*

(a) The Corporation may permanently suspend its operations by vote of a majority of the governors exercising a majority of the total voting power. After such suspension of operations the Corporation shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations. Until final settlement of such obligations and distribution of such assets, the Corporation shall remain in existence and all mutual rights and obligations of the Corporation and its members under this Agreement shall continue unimpaired, except that no member shall be suspended or withdraw and that no distribution shall be made to members except as in this section provided.

(b) No distribution shall be made to members on account of their subscriptions to the capital stock of the Corporation until all liabilities to creditors shall have been discharged or provided for and until the Board of Governors, by vote of a majority of the governors exercising a majority of the total voting power, shall have decided to make such distribution.

(c) Subject to the foregoing, the Corporation shall distribute the assets of the Corporation to members *pro rata* in proportion to capital stock held by them, subject, in the case of any member, to prior settlement of all outstanding claims by the Corporation against such member. Such distribution shall be made at such times, in such currencies, and in cash or other assets as the Corporation shall deem fair and equitable. The shares distributed to the several members need not necessarily be uniform in respect of the type of assets distributed or of the currencies in which they are expressed.

(d) Any member receiving assets distributed by the Corporation pursuant to this section shall enjoy the same rights with respect to such assets as the Corporation enjoyed prior to their distribution.

Article VI. Status, Immunities and Privileges

Section 1. *Purposes of Article*

To enable the Corporation to fulfill the functions with which it is entrusted, the status, immunities and privileges set forth in this Article shall be accorded to the Corporation in the territories of each member.

Sec. 2. *Status of the Corporation*

The Corporation shall possess full juridical personality and, in particular, the capacity—

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

Sec. 3. *Position of the Corporation With Regard to Judicial Process*

Actions may be brought against the Corporation only in a court of competent jurisdiction in the territories of a member in which the Corporation has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Corporation shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Corporation.

Sec. 4. *Immunity of Assets From Seizure*

Property and assets of the Corporation, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

Sec. 5. *Immunity of Archives*

The archives of the Corporation shall be inviolable.

Sec. 6. *Freedom of Assets From Restrictions*

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of Article III, Section 5, and the other provisions of this Agreement, all property and assets of the Corporation shall be free from restrictions, regulations, controls and moratoria of any nature.

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SEC. 7. *Privilege for Communications*

The official communications of the Corporation shall be accorded by each member the same treatment that it accords to the official communications of other members.

SEC. 8. *Immunities and Privileges of Officers and Employees*

All governors, directors, alternates, officers and employees of the Corporation—

(i) shall be immune from legal process with respect to acts performed by them in their official capacity;

(ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of traveling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SEC. 9. *Immunities From Taxation*

(a) The Corporation, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Corporation shall also be immune from liability for the collection or payment of any tax or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Corporation to directors, alternates, officials or employees of the Corporation who are not local citizens, local subjects, or other local nationals.

(c) No taxation of any kind shall be levied on any obligation or security issued by the Corporation (including any dividend or interest thereon) by whomsoever held—

(i) which discriminates against such obligation or security solely because it is issued by the Corporation; or

(ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Corporation.

(d) No taxation of any kind shall be levied on any obligation or security guaranteed by the Corporation (including any dividend or interest thereon) by whomsoever held—

(i) which discriminates against such obligation or security solely because it is guaranteed by the Corporation; or

(ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Corporation.

SEC. 10. *Application of Article*

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Corporation of the detailed action which it has taken.

SEC. 11. *Waiver*

The Corporation in its discretion may waive any of the privileges and immunities conferred under this Article to such extent and upon such conditions as it may determine.

ARTICLE VII. AMENDMENTS

(a) This Agreement may be amended by vote of three-fifths of the governors exercising four-fifths of the total voting power.

(b) Notwithstanding paragraph (a) above, the affirmative vote of all governors is required in the case of any amendment modifying—

(i) the right to withdraw from the Corporation provided in Article V, Section 1;

(ii) the preemptive right secured by Article II, Section 2 (d);

(iii) the limitation on liability provided in Article II, Section 4.

(c) Any proposal to amend this Agreement, whether emanating from a member, a governor or the Board of Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before the Board of Governors. When an amendment has been duly adopted, the Corporation shall so certify by formal communication addressed to all members. Amendments shall enter into force for all members three months after the date of the formal communication unless the Board of Governors shall specify a shorter period.

ARTICLE VIII. INTERPRETATION AND ARBITRATION

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Corporation or between any members of the Corporation shall be submitted to the Board of Directors for its decision. If the question particularly affects any member of the Corporation not entitled to appoint an Executive Director of the Bank, it shall be entitled to representation in accordance with Article IV, Section 4 (g).

(b) In any case where the Board of Directors has given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board of Governors, the Corporation may, so far as it deems necessary, act on the basis of the decision of the Board of Directors.

(c) Whenever a disagreement arises between the Corporation and a country which has ceased to be a member, or between the Corporation and any member during the permanent suspension of the Corporation, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Corporation, another by the country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the International Court of Justice or such other authority as may have been prescribed by regulation adopted by the Corporation. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

Article IX. Final Provisions

Section 1. *Entry Into Force*

This Agreement shall enter into force when it has been signed on behalf of not less than 30 governments whose subscriptions comprise not less than 75 percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2 (a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before October 1, 1955.

Sec. 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Bank an instrument setting forth that it has accepted this Agreement without reservation in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Corporation as from the date of the deposit on its behalf of the instrument referred to in paragraph (a) above except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) This Agreement shall remain open for signature until the close of business on December 31, 1956, at the principal office of the Bank on behalf of the governments of the countries whose names are set forth in Schedule A.

(d) After this Agreement shall have entered into force, it shall be open for signature on behalf of the government of any country whose membership has been approved pursuant to Article II, Section 1 (b).

Sec. 3. *Inauguration of the Corporation*

(a) As soon as this Agreement enters into force under Section 1 of this Article the Chairman of the Board of Directors shall call a meeting of the Board of Directors.

(b) The Corporation shall begin operations on the date when such meeting is held.

(c) Pending the first meeting of the Board of Governors, the Board of Directors may exercise all the powers of the Board of Governors except those reserved to the Board of Governors under this Agreement.

Done at Washington, in a single copy which shall remain deposited in the archives of the International Bank for Reconstruction and Development, which has indicated by its signature below its agreement to act as depository of this Agreement and to notify all governments whose names are set forth in Schedule A of the date when this Agreement shall enter into force under Article IX, Section 1 hereof.

Schedule A. Subscriptions to Capital Stock of the International Finance Corporation

Country	Number of shares	Amount (in United States dollars)
Australia	2, 215	2, 215, 000
Austria	554	554, 000
Belgium	2, 492	2, 492, 000
Bolivia	78	78, 000
Brazil	1, 163	1, 163, 000
Burma	166	166, 000
Canada	3, 600	3, 600, 000
Ceylon	166	166, 000
Chile	388	388, 000
China	6, 646	6, 646, 000
Colombia	388	388, 000
Costa Rica	22	22, 000
Cuba	388	388, 000
Denmark	753	753, 000
Dominican Republic	22	22, 000
Ecuador	35	35, 000
Egypt	590	590, 000
El Salvador	11	11, 000
Ethiopia	33	33, 000
Finland	421	421, 000
France	5, 815	5, 815, 000
Germany	3, 655	3, 655, 000
Greece	277	277, 000
Guatemala	22	22, 000
Haiti	22	22, 000
Honduras	11	11, 000
Iceland	11	11, 000
India	4, 431	4, 431, 000
Indonesia	1, 218	1, 218, 000
Iran	372	372, 000
Iraq	67	67, 000
Israel	50	50, 000
Italy	1, 994	1, 994, 000
Japan	2, 769	2, 769, 000
Jordan	33	33, 000
Lebanon	50	50, 000
Luxembourg	111	111, 000
Mexico	720	720, 000
Netherlands	3, 046	3, 046, 000
Nicaragua	9	9, 000
Norway	554	554, 000
Pakistan	1, 108	1, 108, 000
Panama	2	2, 000
Paraguay	16	16, 000
Peru	194	194, 000
Philippines	166	166, 000
Sweden	1, 108	1, 108, 000
Syria	72	72, 000
Thailand	139	139, 000
Turkey	476	476, 000
Union of South Africa	1, 108	1, 108, 000
United Kingdom	14, 400	14, 400, 000
United States	35, 168	35, 168, 000
Uruguay	116	116, 000
Venezuela	116	116, 000
Yugoslavia	443	443, 000
Total	100, 000	100, 000, 000

7. Inter-American Development Bank Act, Public Law 86–147. 86th Congress (S. 1928), 73 Stat. 299, approved August 7, 1959

AN ACT To provide for the participation of the United States in the Inter-American Development Bank.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Inter-American Development Bank Act".

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the Inter-American Development Bank (hereinafter referred to as the Bank), provided for by the agreement establishing the bank (hereinafter referred to as the agreement) deposited in the archives of the Organization of American States.

GOVERNOR, ALTERNATE GOVERNOR, AND EXECUTIVE DIRECTOR

SEC. 3. (a) The President, by and with the advice and consent of the Senate, shall appoint a Governor of the Bank and an alternate for the governor. The term of office for the governor and the alternate governor shall be five years, but each shall remain in office until a successor has been appointed.

(b) The President, by and with the advice and consent of the Senate, shall appoint an Executive Director of the Bank. Except as provided for in article XV, section 3, of the agreement, the term of office for the Executive Director shall be three years, but he shall remain in office until a successor has been appointed.

(c) No person shall be entitled to receive any salary or other compensation from the United States for services as a governor, alternate governor, or Executive Director.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U. S. C. 286b), shall apply with respect to the Bank to the same extent as with respect to the International Bank for Reconstruction and Development and the International Monetary Fund. Reports with respect to the Bank under paragraphs (5) and (6) of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Bank and in each succeeding report.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall, on behalf of the United States, (a) subscribe to additional shares of stock under article II, section 3 of the agreement; (b) request or consent to any change in the quota of the United States under article IV, section 3, of the agreement; (c) accept any amendment under article XII of the agreement; or (d) make a loan or provide other financing to the Bank, except that loans or other financing may be provided to the Bank by a United States agency created pursuant to an Act of Congress which is authorized by law to make loans or provide other financing to international organizations. Unless Congress by law authorizes such action, no governor or alternate appointed to represent the United States shall vote for any increase of capital stock of the Bank under article II, section 2, of the agreement or any increase in the resources of the Fund for Special Operations under article IV, section 3 (g) thereof.

DEPOSITORIES

SEC. 6. Any Federal Reserve bank which is requested to do so by the Bank shall act as its depository or as its fiscal agent and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTION

SEC. 7. (a) There is hereby authorized to be appropriated, without fiscal year limitation, for the purchase of thirty-five thousand shares of capital stock in the Bank, $350 million. In addition, there is hereby authorized to be appropriated, without fiscal year limitation, for payment of the subscription of the United States to the Fund for Special Operations, $100 million.

(b) For the purpose of keeping to a minimum the cost to the United States of participation in the Bank, the Secretary of the Treasury, after paying the requisite part of the subscription and quota of the United States in the Bank required to be made under article II, section 4, and article IV, section 3, respectively, of the agreement, is authorized and directed to issue special notes of the United States from time to time, at par, and to deliver such notes to the Bank in exchange for dollars to the extent permitted by the agreement. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this subsection, but such notes shall bear no interest, shall be nonnegotiable, and shall be payable on demand of the Bank. The face amount of special notes issued to the Bank under the authority of this subsection and outstanding at any one time shall not exceed, in the aggregate, the amount of the subscription and quota of the United States actually paid to the Bank under article II, section 4, and article IV, section 3, respectively, of the agreement.

(c) Any payment made to the United States by the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION AND VENUE OF ACTIONS

SEC. 8. For the purpose of any action which may be brought within the United States, its Territories or possessions, or the Commonwealth of Puerto Rico by or against the Bank in accordance with the agreement, the Bank shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When the Bank is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES AND PRIVILEGES

SEC. 9. The provisions of article X, section 4 (c), and article XI, sections 2 to 9, both inclusive, of the agreement shall have full force and effect in the United States, its Territories and possessions, and the Commonwealth of Puerto Rico, upon acceptance of membership by the United States in, and the establishment of, the Bank.

SECURITIES ISSUED BY BANK AS INVESTMENT SECURITIES FOR NATIONAL BANKS

SEC. 10. The last sentence of paragraph seven of section 5136 of the Revised Statutes, as amended (12 U. S. C. 24), is amended by inserting after the words "International Bank for Reconstruction and Development" the words "or the Inter-American Development Bank" and by striking the words "said Bank" and inserting in lieu thereof "either of said Banks".

SECURITIES ISSUED BY BANK AS EXEMPT SECURITIES; REPORT FILED WITH SECURITIES AND EXCHANGE COMMISSION

SEC. 11. (a) Any securities issued by the Bank (including any guarantee by the Bank, whether or not limited in scope) in connection with raising of funds for including in the Bank's ordinary capital resources as defined in article II, section 5, of the agreement, and any securities guaranteed by the Bank as to both principal and interest to which the commitment in article II, section 4 (a) (ii), of the agreement is expressly applicable, shall be deemed to be exempted securities within the meaning of paragraph (a) (2) of section 3 of the Act of May 27, 1933, as amended (15 U. S. C. 77c), and paragraph (a) (12) of section 3 of the Act of June 6, 1934, as amended (15 U. S. C. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as

the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors.

(b) The Securities and Exchange Commission, acting in consultation with the National Advisory Council on International Monetary and Financial Problems, is authorized to suspend the provisions of subsection (a) at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this section and in connection therewith shall include any views submitted for such purpose by any association of dealers registered with the Commission.

CERTAIN REPORTS REQUIRED

SEC. 12. The reports of the National Advisory Council on International Monetary and Financial Problems provided for in section 4 (b) (6) of the Bretton Woods Agreements Act (and referred to in section 4 of this Act) shall also cover and include the effectiveness of the provisions of section 11 of this Act and the exemption for securities issued by the Bank provided by section 5136 of the Revised Statutes in facilitating the operations of the Bank and the development of the economic resources of member countries of the Bank and the recommendations of the Council as to any modifications it may deem desirable in the provisions of this Act.

8. Inter-American Development Bank Text of Articles of Agreement

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ARTICLES OF AGREEMENT ESTABLISHING THE INTER-AMERICAN DEVELOPMENT BANK

The countries on whose behalf this Agreement is signed agree to create the Inter-American Development Bank, which shall operate in accordance with the following provisions:

Article I. Purpose and Functions

Section 1. *Purpose*

The purpose of the Bank shall be to contribute to the acceleration of the process of economic development of the member countries, individually and collectively.

Sec. 2. *Functions*

(a) To implement its purpose, the Bank shall have the following functions:

(i) to promote the investment of public and private capital for development purposes;

(ii) to utilize its own capital, funds raised by it in financial markets, and other available resources, for financing the development of the member countries, giving priority to those loans and guarantees that will contribute most effectively to their economic growth;

(iii) to encourage private investment in projects, enterprises, and activities contributing to economic development and to supplement private investment when private capital is not available on reasonable terms and conditions;

(iv) to cooperate with the member countries to orient their development policies toward a better utilization of their resources, in a manner consistent with the objectives of making their economies more complementary and of fostering the orderly growth of their foreign trade; and

(v) to provide technical assistance for the preparation, financing, and implementation of development plans and projects, including the study of priorities and the formulation of specific project proposals.

(b) In carrying out its functions, the Bank shall cooperate as far as possible with national and international institutions and with private sources supplying investment capital.

Article II. Membership in and Capital of the Bank

Section 1. *Membership*

(a) The original members of the Bank shall be those members of the Organization of American States which, by the date specified in Article XV, Section 1 (a), shall accept membership in the Bank.

(b) Membership shall be open to other members of the Organization of American States at such times and in accordance with such terms as the Bank may determine.

SEC. 2. *Authorized Capital*

(a) The authorized capital stock of the Bank, together with the initial resources of the Fund for Special Operations established in Article IV (hereinafter called the Fund), shall total one billion dollars ($1,000,000,000) in terms of United States dollars of the weight and fineness in effect on January 1, 1959. Of this sum, eight hundred and fifty million dollars ($850,000,000) shall constitute the authorized capital stock of the Bank and shall be divided into 85,000 shares having a par value of $10,000 each, which shall be available for subscription by members in accordance with Section 3 of this article.

(b) The authorized capital stock shall be divided into paid-in shares and callable shares. The equivalent of four hundred million dollars ($400,000,000) shall be paid in, and four hundred and fifty million dollars ($450,000,000) shall be callable for the purposes specified in Section 4 (a) (ii) of this article.

(c) The capital stock indicated in (a) of this section shall be increased by five hundred million dollars ($500,000,000) in terms of United States dollars of the weight and fineness existing on January 1, 1959, provided that—

(i) the date for payment of all subscriptions established in accordance with Section 4 of this article shall have passed; and

(ii) a regular or special meeting of the Board of Governors, held as soon as possible after the date referred to in subparagraph (i) of this paragraph, shall have approved the abovementioned increase of five hundred million dollars ($500,000,000) by a three-fourths majority of the total voting power of the member countries.

(d) The increase in capital stock provided for in the preceding paragraph shall be in the form of callable capital.

(e) Notwithstanding the provisions of paragraphs (c) and (d) of this section, the authorized capital stock may be increased when the Board of Governors deems it advisable and in a manner agreed upon by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

SEC. 3. *Subscription of Shares*

(a) Each member shall subscribe to shares of the capital stock of the Bank. The number of shares to be subscribed by the original members shall be those set forth in Annex A of this Agreement, which specifies the obligation of each member as to both paid-in and callable capital. The number of shares to be subscribed by other members shall be determined by the Bank.

(b) In case of an increase in capital pursuant to Section 2, paragraph (c) or (e) of this article, each member shall have a right to subscribe, under such conditions as the Bank shall decide, to a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Bank. No member, however, shall be obligated to subscribe to any part of such increased capital.

(c) Shares of stock initially subscribed by original members shall be issued at par. Other shares shall be issued at par unless the Bank decides in special circumstances to issue them on other terms.

(d) The liability of the member countries on shares shall be limited to the unpaid portion of their issue price.

(e) Shares of stock shall not be pledged or encumbered in any manner, and they shall be transferable only to the Bank.

SEC. 4. *Payment of Subscriptions*

(a) Payment of the subscriptions to the capital stock of the Bank as set forth in Annex A shall be made as follows:

(i) Payment of the amount subscribed by each country to the paid-in capital stock of the Bank shall be made in three installments, the first of which shall be 20 percent, and the second and third each 40 percent, of such amount. The first installment shall be paid by each country at any time on or after the date on which this Agreement is signed, and the instrument of acceptance or ratification deposited, on its behalf in accordance with Article XV, Section 1, but not later than September 30, 1960. The remaining two installments shall be paid on such dates as are determined by the Bank, but not sooner than September 30, 1961, and September 30, 1962, respectively.

Of each installment, 50 percent shall be paid in gold and/or dollars and 50 percent in the currency of the member.

(ii) The callable portion of the subscription for capital shares of the Bank shall be subject to call only when required to meet the obligations of the Bank created under Article III, Section 4 (ii) and (iii) on borrowings of funds for inclusion in the Bank's ordinary capital resources or guarantees chargeable to such resources. In the event of such a call, payment may be made at the option of the member either in gold, in United States dollars, or in the currency required to discharge the obligations of the Bank for the purpose for which the call is made.

Calls on unpaid subscriptions shall be uniform in percentage on all shares.

(b) Each payment of a member in its own currency under paragraph (a) (i) of this section shall be in such amount as, in the opinion of the Bank, is equivalent to the full value in terms of United States dollars of the weight and fineness in effect on January 1, 1959, of the portion of the subscription being paid. The initial payment shall be in such amount as the member considers appropriate hereunder but shall be subject to such adjustment, to be effected within 60 days of the date on which the payment was due, as the Bank shall determine to be necessary to constitute the full dollar value equivalent as provided in this paragraph.

(c) Unless otherwise determined by the Board of Governors by a three-fourths majority of the total voting power of the member countries, the liability of members for payment of the second and third installments of the paid-in portion of their subscriptions to the capital stock shall be conditional upon payment of not less than 90 percent of the total obligations of the members due for—

(i) the first and second installments, respectively, of the paid-in portion of the subscriptions; and

(ii) the initial payment and all prior calls on the subscription quotas to the Fund.

SEC. 5. *Ordinary Capital Resources*

As used in this Agreement, the term "ordinary capital resources" of the Bank shall be deemed to include the following:

(i) authorized capital, including both paid-in and callable shares, subscribed pursuant to Sections 2 and 3 of this article;

(ii) all funds raised by borrowings under the authority of Article VII, Section 1 (i) to which the commitment set forth in Section 4 (a) (ii) of this article is applicable;

(iii) all funds received in repayment of loans made with the resources indicated in (i) and (ii) of this section; and

(iv) all income derived from loans made from the aforementioned funds or from guarantees to which the commitment set forth in Section 4 (a) (ii) of this article is applicable.

ARTICLE III. OPERATIONS

SECTION 1. *Use of Resources*

The resources and facilities of the Bank shall be used exclusively to implement the purpose and functions enumerated in Article I of this Agreement.

SEC. 2. *Ordinary and Special Operations*

(a) The operations of the Bank shall be divided into ordinary operations and special operations.

(b) The ordinary operations shall be those financed from the Bank's ordinary capital resources, as defined in Article II, Section 5, and shall relate exclusively to loans made, participated in, or guaranteed by the Bank which are repayable only in the respective currency or currencies in which the loans were made. Such operations shall be subject to the terms and conditions that the Bank deems advisable, consistent with the provisions of this Agreement.

(c) The special operations shall be those financed from the resources of the Fund in accordance with the provisions of Article IV.

SEC. 3. *Basic Principle of Separation*

(a) The ordinary capital resources of the Bank as defined in Article II, Section 5, shall at all times and in all respects be held, used, obligated, invested, or otherwise disposed of entirely separate from the resources of the Fund, as defined in Article IV, Section 3 (h).

The financial statements of the Bank shall show the ordinary operations of the Bank and the operations of the Fund separately, and the Bank shall establish such other administrative rules as may be necessary to ensure the effective separation of the two types of operations.

The ordinary capital resources of the Bank shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of operations for which the resources of the Fund were originally used or committed.

(b) Expenses pertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses pertaining directly to special operations shall be charged to the resources of the Fund. Other expenses shall be charged as the Bank determines.

SEC. 4. *Methods of Making or Guaranteeing Loans*

Subject to the conditions stipulated in this article, the Bank may make or guarantee loans to any member, or any agency or political subdivision thereof, and to any enterprise in the territory of a member, in any of the following ways:

(i) by making or participating in direct loans with funds corresponding to the unimpaired paid-in capital and, except as provided in Section 13 of this article, to its reserves and undistributed surplus; or with the unimpaired resources of the Fund;

(ii) by making or participating in direct loans with funds raised by the Bank in capital markets, or borrowed or acquired in any other manner for inclusion in the ordinary capital resources of the Bank or the resources of the Fund; and

(iii) by guaranteeing in whole or in part loans made, except in special cases, by private investors.

SEC. 5. *Limitations on Ordinary Operations*

(a) The total amount outstanding of loans and guarantees made by the Bank in its ordinary operations shall not at any time exceed the total amount of the unimpaired subscribed capital of the Bank, plus the unimpaired reserves and surplus included in the ordinary capital resources of the Bank, as defined in Article II, Section 5, exclusive of income assigned to the special reserve established pursuant to Section 13 of this article and other income assigned by decision of the Board of Governors to reserves not available for loans or guarantees.

(b) In the case of loans made out of funds borrowed by the Bank to which the obligations provided for in Article II, Section 4 (a) (ii) are applicable, the total amount of principal outstanding and payable to the Bank in a specific currency shall at no time exceed the total amount of principal of the outstanding borrowings by the Bank that are payable in the same currency.

SEC. 6. *Direct Loan Financing*

In making direct loans or participating in them, the Bank may provide financing in any of the following ways:

(a) By furnishing the borrower currencies of members, other than the currency of the member in whose territory the project is to be carried out, that are necessary to meet the foreign exchange costs of the project.

(b) By providing financing to meet expenses related to the purposes of the loan in the territories of the member in which the project it to be carried out. Only in special cases, particularly when the project indirectly gives rise to an increase in the demand for foreign exchange in that country, shall the financing granted by the Bank to meet local expenses be provided in gold or in currencies other than that of such member; in such cases, the amount of the financing granted by the Bank for this purpose shall not exceed a reasonable portion of the local expenses incurred by the borrower.

SEC. 7. *Rules and Conditions for Making or Guaranteeing Loans*

(a) The Bank may make or guarantee loans subject to the following rules and conditions:

(i) the applicant for the loan shall have submitted a detailed proposal and the staff of the Bank shall have presented a written report recommending the proposal after a study of its merits. In special circumstances, the Board of Executive Directors, by a majority of the total voting power of the member countries, may require that a proposal be submitted to the Board for decision in the absence of such a report;

(ii) in considering a request for a loan or a guarantee, the Bank shall take into account the ability of the borrower to obtain the loan from private sources of financing on terms which, in the opinion of the Bank, are reasonable for the borrower, taking into account all pertinent factors;

(iii) in making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower and its guarantor, if any, will be in a position to meet their obligations under the loan contract;

(iv) in the opinion of the Bank, the rate of interest, other charges and the schedule for repayment of principal are appropriate for the project in question;

(v) in guaranteeing a loan made by other investors, the Bank shall receive suitable compensation for its risk; and

(vi) loans made or guaranteed by the Bank shall be principally for financing specific projects, including those forming part of a national or regional development program. However, the Bank may make or guarantee overall loans to development institutions or similar agencies of the members in order that the latter may facilitate the financing of specific development projects whose individual financing requirements are not, in the opinion of the Bank, large enough to warrant the direct supervision of the Bank.

(b) The Bank shall not finance any undertaking in the territory of a member if that member objects to such financing.

SEC. 8. *Optional Conditions for Making or Guaranteeing Loans*

(a) In the case of loans or guarantees of loans to nongovernmental entities, the Bank may, when it deems it advisable, require that the member in whose territory the project is to be carried out, or a public institution or a similar agency of the member acceptable to the Bank, guarantee the repayment of the principal and the payment of interest and other charges on the loan.

(b) The Bank may attach such other conditions to the making of loans or guarantees as it deems appropriate, taking into account both the interests of the members directly involved in the particular loan or guarantee proposal and the interests of the members as a whole.

SEC. 9. *Use of Loans Made or Guaranteed by the Bank*

(a) Except as provided in Article V, Section 1, the Bank shall impose no condition that the proceeds of a loan shall be spent in the territory of any particular country nor that such proceeds shall not be spent in the territories of any particular member or members.

(b) The Bank shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed, or participated in by the Bank are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency.

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SEC. 10. *Payment Provisions for Direct Loans*

Direct loan contracts made by the Bank in conformity with Section 4 (i) or (ii) of this article shall establish:

(a) All the terms and conditions of each loan, including among others, provision for payment of principal, interest and other charges, maturities, and dates of payment; and

(b) The currency or currencies in which payments shall be made to the Bank.

SEC. 11. *Guarantees*

(a) In guaranteeing a loan the Bank shall charge a guarantee fee, at a rate determined by the Bank, payable periodically on the amount of the loan outstanding.

(b) Guarantee contracts concluded by the Bank shall provide that the Bank may terminate its liability with respect to interest if, upon default by the borrower and by the guarantor, if any, the Bank offers to purchase, at par and interest accrued to a date designated in the offer, the bonds or other obligations guaranteed.

(c) In issuing guarantees, the Bank shall have power to determine any other terms and conditions.

SEC. 12. *Special Commission*

On all loans, participations, or guarantees made out of or by commitment of the ordinary capital resources of the Bank, the latter shall charge a special commission. The special commission, payable periodically, shall be computed on the amount outstanding on each loan, participation, or guarantee and shall be at the rate of one per cent per annum, unless the Bank, by a two-thirds majority of the total voting power of the member countries, decides to reduce the rate of commission.

SEC. 13. *Special Reserve*

The amount of commissions received by the Bank under Section 12 of this article shall be set aside as a special reserve, which shall be kept for meeting liabilities of the Bank in accordance wtih Article VII, Section 3 (b) (i). The special reserve shall be held in such liquid form, permitted under this Agreement, as the Board of Executive Directors may decide.

ARTICLE IV. FUND FOR SPECIAL OPERATIONS

SECTION 1. *Establishment, Purpose, and Functions*

A Fund for Special Operations is established for the making of loans on terms and conditions appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects.

The Fund, whose administration shall be entrusted to the Bank, shall have the purpose and functions set forth in Article I of this Agreement.

SEC. 2. *Applicable Provisions*

The Fund shall be governed by the provisions of the present article and all other provisions of this Agreement, excepting those inconsistent with the provisions of the present article and those expressly applying only to the ordinary operations of the Bank.

SEC. 3. *Resources*

(a) The original members of the Bank shall contribute to the resources of the Fund in accordance with the provisions of this section.

(b) Members of the Organization of American States that join the Bank after the date specified in Article XV, Section 1 (a), shall contribute to the Fund with such quotas, and under such terms, as may be determined by the Bank.

(c) The Fund shall be established with initial resources in the amount of one hundred and fifty million dollars ($150,000,000) in terms of United States dollars of the weight and fineness in effect on January 1, 1959, which shall be contributed by the original members of the Bank in accordance with the quotas specified in Annex B.

(d) Payment of the quotas shall be made as follows:

(i) Fifty percent of its quota shall be paid by each member at any time on or after the date on which this Agreement is signed, and the instrument of acceptance or ratification deposited, on its behalf in accordance with Article XV, Section 1, but not later than September 30, 1960.

(ii) The remaining 50 percent shall be paid at any time subsequent to one year after the Bank has begun operations, in such amounts and at such times as are determined by the Bank; provided, however, that the total amount of all quotas shall be made due and payable not later than the date fixed for payment of the third installment of the subscriptions to the paid-in capital stock of the Bank.

(iii) The payments required under this section shall be distributed among the members in proportion to their quotas and shall be made one-half in gold and/or United States dollars, and one-half in the currency of the contributing member.

(e) Each payment of a member in its own currency under the preceding paragraph shall be in such amount as, in the opinion of the Bank, is equivalent to the full value, in terms of United States dollars of the weight and fineness in effect on January 1, 1959, of the portion of the quota being paid. The initial payment shall be in such amount as the member considers appropriate hereunder but shall be subject to such adjustment, to be effected within 60 days of the date on which payment was due, as the Bank shall determine to be necessary to constitute the full dollar value equivalent as provided in this paragraph.

(f) Unless otherwise determined by the Board of Governors by a three-fourths majority of the total voting power of the member countries, the liability of members for payment of any call on the unpaid portion of their subscription quotas to the Fund shall be conditional upon payment of not less than 90 percent of the total obligations of the members for—

(i) the initial payment and all prior calls on such quota subscriptions to the Fund; and

(ii) any installments due on the paid-in portion of the subscriptions to the capital stock of the Bank.

(g) The resources of the Fund shall be increased through additional contributions by the members when the Board of Governors considers it advisable by a three-fourths majority of the total voting power of the member countries. The provisions of Article II, Section

3 (b), shall apply to such increases, in terms of the proportion between the quota in effect for each member and the total amount of the resources of the Fund contributed by members.

(h) As used in this Agreement, the term "resources of the Fund" shall be deemed to include the following:

(i) contributions by members pursuant to paragraphs (c) and (g) of this section;

(ii) all funds raised by borrowing to which the commitment stipulated in Article II, Section 4 (a) (ii) is not applicable, i. e., those that are specifically chargeable to the resources of the Fund;

(iii) all funds received in repayment of loans made from the resources mentioned above;

(iv) all income derived from operations using or committing any of the resources mentioned above; and

(v) any other resources at the disposal of the Fund.

SEC. 4. *Operations*

(a) The operations of the Fund shall be those financed from its own resources, as defined in Section 3 (h) of the present article.

(b) Loans made with resources of the Fund may be partially or wholly repayable in the currency of the member in whose territory the project being financed will be carried out. The part of the loan not repayable in the currency of the member shall be paid in the currency or currencies in which the loan was made.

SEC. 5. *Limitation on Liability*

In the operations of the Fund, the financial liability of the Bank shall be limited to the resources and reserves of the Fund, and the liability of members shall be limited to the unpaid portion of their respective quotas that has become due and payable.

SEC. 6. *Limitation on Disposition of Quotas*

The rights of members of the Bank resulting from their contributions to the Fund may not be transferred or encumbered, and members shall have no right of reimbursement of such contributions except in cases of loss of the status of membership or of termination of the operations of the Fund.

SEC. 7. *Discharge of Fund Liabilities on Borrowings*

Payments in satisfaction of any liability on borrowings of funds for inclusion in the resources of the Fund shall be charged—

(i) first, against any reserve established for this purpose; and

(ii) then, against any other funds available in the resources of the Fund.

SEC. 8. *Administration*

(a) Subject to the provisions of this Agreement, the authorities of the Bank shall have full powers to administer the Fund.

(b) There shall be a Vice President of the Bank in charge of the Fund. The Vice President shall participate in the meetings of the Board of Executive Directors of the Bank, without vote, whenever matters relating to the Fund are discussed.

(c) In the operations of the Fund the Bank shall utilize to the fullest extent possible the same personnel, experts, installations, offices, equipment, and services as it uses for its ordinary operations.

(d) The Bank shall publish a separate annual report showing the results of the Fund's financial operations, including profits or losses. At the annual meeting of the Board of Governors there shall be at least one session devoted to consideration of this report. In addition, the Bank shall transmit to the members a quarterly summary of the Fund's operations.

SEC. 9. *Voting*

(a) In making decisions concerning operations of the Fund, each member country of the Bank shall have the voting power in the Board of Governors accorded to it pursuant to Article VIII, Section 4 (a) and (b), and each director shall have the voting power in the Board of Executive Directors accorded to him pursuant to Article VIII, Section 4 (a) and (c).

(b) All decisions of the Bank concerning the operations of the Fund shall be adopted by a two-thirds majority of the total voting power of the member countries, unless otherwise provided in this article.

SEC. 10. *Distribution of Net Profits*

The Board of Governors of the Bank shall determine what portion of the net profits of the Fund shall be distributed among the members after making provision for reserves. Such net profits shall be shared in proportion to the quotas of the members.

SEC. 11. *Withdrawal of Contributions*

(a) No country may withdraw its contribution and terminate its relations with the Fund while it is still a member of the Bank.

(b) The provisions of Article IX, Section 3, with respect to the settlement of accounts with countries that terminate their membership in the Bank also shall apply to the Fund.

SEC. 12. *Suspension and Termination*

The provisions of Article X also shall apply to the Fund with substitution of terms relating to the Fund and its resources and respective creditors for those relating to the Bank and its ordinary capital resources and respective creditors.

ARTICLE V. CURRENCIES

SECTION 1. *Use of Currencies*

(a) The currency of any member held by the Bank, either in its ordinary capital resources or in the resources of the Fund, however acquired, may be used by the Bank and by any recipient from the Bank, without restriction by the member, to make payment for goods and services produced in the territory of such member.

(b) Members may not maintain or impose restrictions of any kind upon the use by the Bank or by any recipient from the Bank, for payments in any country, of the following:

(i) gold and dollars received by the Bank in payment of the 50 percent portion of each member's subscription to shares of the Bank's capital and of the 50 percent portion of each member's quota for contribution to the Fund, pursuant to the provisions of Article II and Article IV, respectively;

(ii) currencies of members purchased with the gold and dollar funds referred to in (i) of this paragraph;

(iii) currencies obtained by borrowings, pursuant to the provisions of Article VII, Section 1 (i), for inclusion in the ordinary capital resources of the Bank;

(iv) gold and dollars received by the Bank in payment on account of principal, interest, and other charges, of loans made from the gold and dollar funds referred to in (i) of this paragraph; currencies received in payment of principal, interest, and other charges, of loans made from currencies referred to in (ii) and (iii) of this paragraph; and currencies received in payment of commissions and fees on all guarantees made by the Bank; and

(v) currencies, other than the member's own currency, received from the Bank pursuant to Article VII, Section 4 (c) and Article IV, Section 10, in distribution of net profits.

(c) A member's currency held by the Bank, either in its ordinary capital resources or in the resources of the Fund, not covered by paragraph (b) of this section, also may be used by the Bank or any recipient from the Bank for payments in any country without restriction of any kind, unless the member notifies the Bank of its desire that such currency or a portion thereof be restricted to the uses specified in paragraph (a) of this section.

(d) Members may not place any restrictions on the holding and use by the Bank, for making amortization payments or anticipating payment of, or repurchasing part or all of, the Bank's own obligations, of currencies received by the Bank in repayment of direct loans made from borrowed funds included in the ordinary capital resources of the Bank.

(e) Gold or currency held by the Bank in its ordinary capital resources or in the resources of the Fund shall not be used by the Bank to purchase other currencies unless authorized by a two-thirds majority of the total voting power of the member countries.

SEC. 2. *Valuation of Currencies*

Whenever it shall become necessary under this Agreement to value any currency in terms of another currency, or in terms of gold, such valuation shall be determined by the Bank after consultation with the International Monetary Fund.

SEC. 3. *Maintenance of Value of the Currency Holdings of the Bank*

(a) Whenever the par value in the International Monetary Fund of a member's currency is reduced or the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value of all the currency of the member held by the Bank in its ordinary capital resources, or in the resources of the Fund, excepting currency derived from borrowings by the Bank. The standard of value for this purpose shall be the United States dollar of the weight and fineness in effect on January 1, 1959.

(b) Whenever the par value in the International Monetary Fund of a member's currency is increased or the foreign exchange value of such member's currency has, in the opinion of the Bank, appreciated to a significant extent, the Bank shall return to such member within

a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency which is held by the Bank in its ordinary capital resources or in the resources of the Fund, excepting currency derived from borrowings by the Bank. The standard of value for this purpose shall be the same as that established in the preceding paragraph.

(c) The provisions of this section may be waived by the Bank when a uniform proportionate change in the par value of the currencies of all the Bank's members is made by the International Monetary Fund.

SEC. 4. *Methods of Conserving Currencies*

The Bank shall accept from any member promissory notes or similar securities issued by the government of the member, or by the depository designated by such member, in lieu of any part of the currency of the member representing the 50 percent portion of its subscription to the Bank's authorized capital and the 50 percent portion of its subscription to the resources of the Fund, which, pursuant to the provisions of Article II and Article IV, respectively, are payable by each member in its national currency, provided such currency is not required by the Bank for the conduct of its operations. Such promissory notes or securities shall be non-negotiable, non-interest-bearing, and payable to the Bank at their par value on demand.

ARTICLE VI. TECHNICAL ASSISTANCE

SECTION 1. *Provision of Technical Advice and Assistance*

The Bank may, at the request of any member or members, or of private firms that may obtain loans from it, provide technical advice and assistance in its field of activity, particularly on—

(i) the preparation, financing, and execution of development plans and projects, including the consideration of priorities, and the formulation of loan proposals on specific national or regional development projects; and

(ii) the development and advanced training, through seminars and other forms of instruction, of personnel specializing in the formulation and implementation of development plans and projects.

SEC. 2. *Cooperative Agreements on Technical Assistance*

In order to accomplish the purposes of this article, the Bank may enter into agreements on technical assistance with other national or international institutions, either public or private.

SEC. 3. *Expenses*

(a) The Bank may arrange with member countries or firms receiving technical assistance, for reimbursement of the expenses of furnishing such assistance on terms which the Bank deems appropriate.

(b) The expenses of providing technical assistance not paid by the recipients shall be met from the net income of the Bank or of the Fund. However, during the first three years of the Bank's operations, up to three percent, in total, of the initial resources of the Fund may be used to meet such expenses.

Article VII. Miscellaneous Powers and Distribution of Profits

Section 1. *Miscellaneous Powers of the Bank*

In addition to the powers specified elsewhere in this Agreement, the Bank shall have the power to—

(i) borrow funds and in that connection to furnish such collateral or other security therefor as the Bank shall determine, provided that, before making a sale of its obligations in the markets of a country, the Bank shall have obtained the approval of that country and of the member in whose currency the obligations are denominated. In addition, in the case of borrowings of funds to be included in the Bank's ordinary capital resources, the Bank shall obtain agreement of such countries that the proceeds may be exchanged for the currency of any other country without restriction;

(ii) buy and sell securities it has issued or guaranteed or in which it has invested, provided that the Bank shall obtain the approval of the country in whose territories the securities are to be bought or sold;

(iii) with the approval of a two-thirds majority of the total voting power of the member countries, invest funds not needed in its operations in such obligations as it may determine;

(iv) guarantee securities in its portfolio for the purpose of facilitating their sale; and

(v) exercise such other powers as shall be necessary or desirable in furtherance of its purpose and functions, consistent with the provisions of this Agreement.

Sec. 2. *Warning To Be Placed on Securities*

Every security issued or guaranteed by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any government, unless it is in fact the obligation of a particular government, in which case it shall so state.

Sec. 3. *Methods of Meeting Liabilities of the Bank in Case of Defaults*

(a) The Bank, in the event of actual or threatened default on loans made or guaranteed by the Bank using its ordinary capital resources, shall take such action as it deems appropriate with respect to modifying the terms of the loan, other than the currency of repayment.

(b) The payments in discharge of the Bank's liabilities on borrowings or guarantees under Article III, Section 4 (ii) and (iii) chargeable against the ordinary capital resources of the Bank shall be charged—

(i) first, against the special reserve provided for in Article III, Section 13; and

(ii) then, to the extent necessary and at the discretion of the Bank, against the other reserves, surplus, and funds corresponding to the capital paid in for shares.

(c) Whenever necessary to meet contractual payments of interest, other charges, or amortization on the Bank's borrowings, or to meet the Bank's liabilities with respect to similar payments on loans guaranteed by it chargeable to its ordinary capital resources, the Bank may call upon the members to pay an appropriate amount of their

callable capital subscriptions, in accordance with Article II, Section 4 (a) (ii). Moreover, if the Bank believes that a default may be of long duration, it may call an additional part of such subscriptions not to exceed in any one year one percent of the total subscriptions of the members, for the following purposes:

(i) to redeem prior to maturity, or otherwise discharge its liability on, all or part of the outstanding principal of any loan guaranteed by it in respect of which the debtor is in default; and

(ii) to repurchase, or otherwise discharge its liability on, all or part of its own outstanding obligations.

SEC. 4. *Distribution of Net Profits and Surplus*

(a) The Board of Governors may determine periodically what part of the net profits and of the surplus shall be distributed. Such distributions may be made only when the reserves have reached a level which the Board of Governors considers adequate.

(b) The distributions referred to in the preceding paragraph shall be made in proportion to the number of shares held by each member.

(c) Payments shall be made in such manner and in such currency or currencies as the Board of Governors shall determine. If such payments are made to a member in currencies other than its own, the transfer of such currencies and their use by the receiving country shall be without restriction by any member.

ARTICLE VIII. ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Bank*

The Bank shall have a Board of Governors, a Board of Executive Directors, a President, an Executive Vice President, a Vice President in charge of the Fund, and such other officers and staff as may be considered necessary.

SEC. 2. *Board of Governors*

(a) All the powers of the Bank shall be vested in the Board of Governors. Each member shall appoint one governor and one alternate, who shall serve for five years, subject to termination of appointment at any time, or to reappointment, at the pleasure of the appointing member. No alternate may vote except in the absence of his principal. The Board shall select one of the governors as Chairman, who shall hold office until the next regular meeting of the Board.

(b) The Board of Governors may delegate to the Board of Executive Directors all its powers except power to—

(i) admit new members and determine the conditions of their admission;

(ii) increase or decrease the authorized capital stock of the Bank and contributions to the Fund;

(iii) elect the President of the Bank and determine his remuneration;

(iv) suspend a member, pursuant to Article IX, Section 2;

(v) determine the remuneration of the executive directors and their alternates;

(vi) hear and decide any appeals from interpretations of this Agreement given by the Board of Executive Directors;

(vii) authorize the conclusion of general agreements for cooperation with other international organizations;

(viii) approve, after reviewing the auditors' report, the general balance sheet and the statement of profit and loss of the institution;

(ix) determine the reserves and the distribution of the net profits of the Bank and of the Fund;

(x) select outside auditors to certify to the general balance sheet and the statement of profit and loss of the institution;

(xi) amend this Agreement; and

(xii) decide to terminate the operations of the Bank and to distribute its assets.

(c) The Board of Governors shall retain full power to exercise authority over any matter delegated to the Board of Executive Directors under paragraph (b) above.

(d) The Board of Governors shall, as a general rule, hold a meeting annually. Other meetings may be held when the Board of Governors so provides or when called by the Board of Executive Directors. Meetings of the Board of Governors also shall be called by the Board of Executive Directors whenever requested by five members of the Bank or by members having one-fourth of the total voting power of the member countries.

(e) A quorum for any meeting of the Board of Governors shall be an absolute majority of the total number of governors representing not less than two-thirds of the total voting power of the member countries.

(f) The Board of Governors may establish a procedure whereby the Board of Executive Directors, when it deems such action appropriate, may submit a specific question to a vote of the governors without calling a meeting of the Board of Governors.

(g) The Board of Governors, and the Board of Executive Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Bank.

(h) Governors and alternates shall serve as such without compensation from the Bank, but the Bank may pay them reasonable expenses incurred in attending meetings of the Board of Governors.

SEC. 3. *Board of Executive Directors*

(a) The Board of Executive Directors shall be responsible for the conduct of the operations of the Bank, and for this purpose may exercise all the powers delegated to it by the Board of Governors.

(b) There shall be seven executive directors, who shall not be governors, and of whom—

(i) one shall be appointed by the member having the largest number of shares in the Bank;

(ii) six shall be elected by the governors of the remaining members pursuant to the provisions of Annex C of this Agreement.

Executive directors shall be appointed or elected for terms of three years and may be reappointed or reelected for successive terms. They shall be persons of recognized competence and wide experience in economic and financial matters.

(c) Each executive director shall appoint an alternate who shall have full power to act for him when he is not present. Directors and alternates shall be citizens of the member countries. None of the

elected directors and their alternates may be of the same citizenship. Alternates may participate in meetings but may vote only when they are acting in place of their principals.

(d) Directors shall continue in office until their successors are appointed or elected. If the office of an elected director becomes vacant more than 180 days before the end of his term, a successor shall be elected for the remainder of the term by the governors who elected the former director. An absolute majority of the votes cast shall be required for election. While the office remains vacant, the alternate shall have all the powers of the former director except the power to appoint an alternate.

(e) The Board of Executive Directors shall function in continuous session at the principal office of the Bank and shall meet as often as the business of the Bank may require.

(f) A quorum for any meeting of the Board of Executive Directors shall be an absolute majority of the total number of directors representing not less than two-thirds of the total voting power of the member countries.

(g) A member of the Bank may send a representative to attend any meeting of the Board of Executive Directors when a matter especially affecting that member is under consideration. Such right of representation shall be regulated by the Board of Governors.

(h) The Board of Executive Directors may appoint such committees as it deems advisable. Membership of such committees need not be limited to governors, directors, or alternates.

(i) The Board of Executive Directors shall determine the basic organization of the Bank, including the number and general responsibilities of the chief administrative and professional positions of the staff, and shall approve the budget of the Bank.

SEC. 4. *Voting*

(a) Each member country shall have 135 votes plus one vote for each share of the capital stock of the Bank held by that country.

(b) In voting in the Board of Governors, each governor shall be entitled to cast the votes of the member country which he represents. Except as otherwise specifically provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the total voting power of the member countries.

(c) In voting in the Board of Executive Directors—

(i) the appointed director shall be entitled to cast the number of votes of the member country which appointed him;

(ii) each elected director shall be entitled to cast the number of votes that counted toward his election, which votes shall be cast as a unit; and

(iii) except as otherwise specifically provided in this Agreement, all matters before the Board of Executive Directors shall be decided by a majority of the total voting power of the member countries.

SEC. 5. *President, Executive Vice President, and Staff*

(a) The Board of Governors, by an absolute majority of the total number of governors representing not less than a majority of the total voting power of the member countries, shall elect a President of the Bank who, while holding office, shall not be a governor or an executive director or alternate for either.

Under the direction of the Board of Executive Directors, the President of the Bank shall conduct the ordinary business of the Bank and shall be chief of its staff. He also shall be the presiding officer at meetings of the Board of Executive Directors, but shall have no vote, except that it shall be his duty to cast a deciding vote when necessary to break a tie.

The President of the Bank shall be the legal representative of the Bank. The term of office of the President of the Bank shall be five years, and he may be reelected to successive terms. He shall cease to hold office when the Board of Governors so decides by a majority of the total voting power of the member countries.

(b) The Executive Vice President shall be appointed by the Board of Executive Directors on the recommendation of the President of the Bank. Under the direction of the Board of Executive Directors and the President of the Bank, the Executive Vice President shall exercise such authority and perform such functions in the administration of the Bank as may be determined by the Board of Executive Directors. In the absence or incapacity of the President of the Bank, the Executive Vice President shall exercise the authority and perform the functions of the President.

The Executive Vice President shall participate in meetings of the Board of Executive Directors but shall have no vote at such meetings, except that he shall cast the deciding vote, as provided in paragraph (a) of this section, when he is acting in place of the President of the Bank.

(c) In addition to the Vice President referred to in Article IV, Section 8 (b), the Board of Executive Directors may, on recommendation of the President of the Bank, appoint other vice presidents who shall exercise such authority and perform such functions as the Board of Executive Directors may determine.

(d) The President, officers, and staff of the Bank, in the discharge of their offices, owe their duty entirely to the Bank and shall recognize no other authority. Each member of the Bank shall respect the international character of this duty.

(e) The paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible.

(f) The Bank, its officers and employees shall not interfere in the political affairs of any member, nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purpose and functions stated in Article I.

SEC. 6. *Publication of Reports and Provision of Information*

(a) The Bank shall publish an annual report containing an audited statement of the accounts. It shall also transmit quarterly to the members a summary statement of the financial position and a profit-and-loss statement showing the results of its ordinary operations.

(b) The Bank may also publish such other reports as it deems desirable to carry out its purpose and functions.

Article IX. Withdrawal and Suspension of Members

Section 1. *Right To Withdraw*

Any member may withdraw from the Bank by delivering to the Bank at its principal office written notice of its intention to do so. Such withdrawal shall become finally effective on the date specified in the notice but in no event less than six months after the notice is delivered to the Bank. However, at any time before the withdrawal becomes finally effective, the member may notify the Bank in writing of the cancellation of its notice of intention to withdraw.

After withdrawing, a member shall remain liable for all direct and contingent obligations to the Bank to which it was subject at the date of delivery of the withdrawal notice, including those specified in Section 3 of this article. However, if the withdrawal becomes finally effective, the member shall not incur any liability for obligations resulting from operations of the Bank effected after the date on which the withdrawal notice was received by the Bank.

Sec. 2. *Suspension of Membership*

If a member fails to fulfill any of its obligations to the Bank, the Bank may suspend its membership by decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

The member so suspended shall automatically cease to be a member of the Bank one year from the date of its suspension unless the Board of Governors decides by the same majority to terminate the suspension.

While under suspension, a member shall not be entitled to exercise any rights under this Agreement, except the right of withdrawal, but shall remain subject to all its obligations.

Sec. 3. *Settlement of Accounts*

(a) After a country ceases to be a member, it no longer shall share in the profits or losses of the Bank, nor shall it incur any liability with respect to loans and guarantees entered into by the Bank thereafter. However, it shall remain liable for all amounts it owes the Bank and for its contingent liabilities to the Bank so long as any part of the loans or guarantees contracted by the Bank before the date on which the country ceased to be a member remains outstanding.

(b) When a country ceases to be a member, the Bank shall arrange for the repurchase of such country's capital stock as a part of the settlement of accounts pursuant to the provisions of this section; but the country shall have no other rights under this Agreement except as provided in this section and in Article XIII, Section 2.

(c) The Bank and the country ceasing to be a member may agree on the repurchase of the capital stock on such terms as are deemed appropriate in the circumstances, without regard to the provisions of the following paragraph. Such agreement may provide, among other things, for a final settlement of all obligations of the country to the Bank.

(d) If the agreement referred to in the preceding paragraph has not been consummated within six months after the country ceases to be a member or such other time as the Bank and such country may

agree upon, the repurchase price of such country's capital stock shall be its book value, according to the books of the Bank, on the date when the country ceased to be a member. Such repurchase shall be subject to the following conditions:

(i) As a prerequisite for payment, the country ceasing to be a member shall surrender its stock certificates, and such payment may be made in such installments, at such times and in such available currencies as the Bank determines, taking into account the financial position of the Bank.

(ii) Any amount which the Bank owes the country for the repurchase of its capital stock shall be withheld to the extent that the country or any of its subdivisions or agencies remains liable to the Bank as a result of loan or guarantee operations. The amount withheld may, at the option of the Bank, be applied on any such liability as it matures. However, no amount shall be withheld on account of the country's contingent liability for future calls on its subscription pursuant to Article II, Section 4 (a) (ii).

(iii) If the Bank sustains net losses on any loans or participations, or as a result of any guarantees, outstanding on the date the country ceased to be a member, and the amount of such losses exceeds the amount of the reserves provided therefor on such date, such country shall repay on demand the amount by which the repurchase price of its shares would have been reduced, if the losses had been taken into account when the book value of the shares, according to the books of the Bank, was determined. In addition, the former member shall remain liable on any call pursuant to Article II, Section 4 (a) (ii), to the extent that it would have been required to respond if the impairment of capital had occurred and the call had been made at the time the repurchase price of its share had been determined.

(e) In no event shall any amount due to a country for its shares under this section be paid until six months after the date upon which the country ceases to be a member. If within that period the Bank terminates operations, all rights of such country shall be determined by the provisions of Article X, and such country shall be considered still a member of the Bank for the purposes of such article except that it shall have no voting rights.

Article X. Suspension and Termination of Operations

Section 1. *Suspension of Operations*

In an emergency the Board of Executive Directors may suspend operations in respect of new loans and guarantees until such time as the Board of Governors may have an opportunity to consider the situation and take pertinent measures.

Sec. 2. *Termination of Operations*

The Bank may terminate its operations by a decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries. After such termination of operations the Bank shall forthwith cease all activities, except those incident to the conservation, preservation, and realization of its assets and settlement of its obligations.

SEC. 3. *Liability of Members and Payment of Claims*

(a) The liability of all members arising from the subscriptions to the capital stock of the Bank and in respect to the depreciation of their currencies shall continue until all direct and contingent obligations shall have been discharged.

(b) All creditors holding direct claims shall be paid out of the assets of the Bank and then out of payments to the Bank on unpaid or callable subscriptions. Before making any payments to creditors holding direct claims, the Board of Executive Directors shall make such arrangements as are necessary, in its judgment, to ensure a pro rata distribution among holders of direct and contingent claims.

SEC. 4. *Distribution of Assets*

(a) No distribution of assets shall be made to members on account of their subscriptions to the capital stock of the Bank until all liabilities to creditors shall have been discharged or provided for. Moreover, such distribution must be approved by a decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

(b) Any distribution of the assets of the Bank to the members shall be in proportion to capital stock held by each member and shall be effected at such times and under such conditions as the Bank shall deem fair and equitable. The shares of assets distributed need not be uniform as to type of assets. No member shall be entitled to receive its share in such a distribution of assets until it has settled all of its obligations to the Bank.

(c) Any member receiving assets distributed pursuant to this article shall enjoy the same rights with respect to such assets as the Bank enjoyed prior to their distribution.

ARTICLE XI. STATUS, IMMUNITIES AND PRIVILEGES

SECTION 1. *Scope of Article*

To enable the Bank to fulfill its purpose and the functions with which it is entrusted, the status, immunities, and privileges set forth in this article shall be accorded to the Bank in the territories of each member.

SEC. 2. *Legal Status*

The Bank shall possess juridical personality and, in particular, full capacity—

(a) to contract;

(b) to acquire and dispose of immovable and movable property; and

(c) to institute legal proceedings.

SEC. 3. *Judicial Proceedings*

Actions may be brought against the Bank only in a court of competent jurisdiction in the territories of a member in which the Bank has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities.

No action shall be brought against the Bank by members or persons acting for or deriving claims from members. However, member

countries shall have recourse to such special procedures to settle controversies between the Bank and its members as may be prescribed in this Agreement, in the bylaws and regulations of the Bank or in contracts entered into with the Bank.

Property and assets of the Banks shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank.

SEC. 4. *Immunity of Assets*

Property and assets of the Bank, wheresoever located and by whomsoever held, shall be considered public international property and shall be immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action.

SEC. 5. *Inviolability of Archives*

The archives of the Bank shall be inviolable.

SEC. 6. *Freedom of Assets From Restrictions*

To the extent necessary to carry out the purpose and functions of the Bank and to conduct its operations in accordance with this Agreement, all property and other assets of the Bank shall be free from restrictions, regulations, controls and moratoria of any nature, except as may otherwise be provided in this Agreement.

SEC. 7. *Privilege for Communications*

The official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of other members.

SEC. 8. *Personal Immunities and Privileges*

All governors, executive directors, alternates, officers and employees of the Bank shall have the following privileges and immunities:

(a) Immunity from legal process with respect to acts performed by them in their official capacity, except when the Bank waives this immunity.

(b) When not local nationals, the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange provisions as are accorded by members to the representatives, officials, and employees of comparable rank of other members.

(c) The same privileges in respect of traveling facilities as are accorded by members to representatives, officials, and employees of comparable rank of other members.

SEC. 9. *Immunities From Taxation*

(a) The Bank, its property, other assets, income, and the operations and transactions it carries out pursuant to this Agreement, shall be immune from all taxation and from all customs duties. The Bank shall also be immune from any obligation relating to the payment, withholding or collection of any tax, or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to executive directors, alternates, officials or employees of the Bank who are not local citizens or other local nationals.

(c) No tax of any kind shall be levied on any obligation or security issued by the Bank, including any dividend or interest thereon, by whomsoever held—

(i) which discriminates against such obligation or security solely because it is issued by the Bank; or

(ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

(d) No tax of any kind shall be levied on any obligation or security guaranteed by the Bank, including any dividend or interest thereon, by whomsoever held—

(i) which discriminates against such obligation or security solely because it is guaranteed by the Bank; or

(ii) if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Bank.

SEC. 10. *Implementation*

Each member, in accordance with its juridical system, shall take such action as is necessary to make effective in its own territories the principles set forth in this article, and shall inform the Bank of the action which it has taken on the matter.

ARTICLE XII. AMENDMENTS

(a) This Agreement may be amended only by decision of the Board of Governors by a two-thirds majority of the total number of governors representing not less than three-fourths of the total voting power of the member countries.

(b) Notwithstanding the provisions of the preceding paragraph, the unanimous agreement of the Board of Governors shall be required for the approval of any amendment modifying—

(i) the right to withdraw from the Bank as provided in Article IX, Section 1;

(ii) the right to purchase capital stock of the Bank and to contribute to the Fund as provided in Article II, Section 3 (b) and in Article IV, Section 3 (g), respectively; and

(iii) the limitation on liability as provided in Article II, Section 3 (d) and Article IV, Section 5.

(c) Any proposal to amend this Agreement, whether emanating from a member or the Board of Executive Directors, shall be communicated to the Chairman of the Board of Governors, who shall bring the proposal before the Board of Governors. When an amendment has been adopted, the Bank shall so certify in an official communication addressed to all members. Amendments shall enter into force for all members three months after the date of the official communication unless the Board of Governors shall specify a different period.

ARTICLE XIII. INTERPRETATION AND ARBITRATION

SECTION 1. *Interpretation*

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Bank or between any members of the Bank shall be submitted to the Board of Executive Directors for decision.

Members especially affected by the question under consideration shall be entitled to direct representation before the Board of Executive Directors as provided in Article VIII, Section 3 (g).

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(b) In any case where the Board of Executive Directors has given a decision under (a) above, any member may require that the question be submitted to the Board of Governors, whose decision shall be final. Pending the decision of the Board of Governors, the Bank may, so far as it deems it necessary, act on the basis of the decision of the Board of Executive Directors.

SEC. 2. *Arbitration*

If a disagreement should arise between the Bank and a country which has ceased to be a member, or between the Bank and any member after adoption of a decision to terminate the operation of the Bank, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators. One of the arbitrators shall be appointed by the Bank, another by the country concerned, and the third, unless the parties otherwise agree, by the Secretary General of the Organization of American States. If all efforts to reach a unanimous agreement fail, decisions shall be made by a majority vote of the three arbitrators.

The third arbitrator shall be empowered to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

ARTICLE XIV. GENERAL PROVISIONS

SECTION 1. *Principal Office*

The principal office of the Bank shall be located in Washington, District of Columbia, United States of America.

SEC. 2. *Relations With Other Organizations*

The Bank may enter into arrangements with other organizations with respect to the exchange of information or for other purposes consistent with this Agreement.

SEC. 3. *Channel of Communication*

Each member shall designate an official entity for purposes of communication with the Bank on matters connected with this Agreement.

SEC. 4. *Depositories*

Each member shall designate its central bank as a depository in which the Bank may keep its holdings of such member's currency and other assets of the Bank. If a member has no central bank, it shall, in agreement with the Bank, designate another institution for such purpose.

ARTICLE XV. FINAL PROVISIONS

SECTION 1. *Signature and Acceptance*

(a) This Agreement shall be deposited with the General Secretariat of the Organization of American States, where it shall remain open until December 31, 1959, for signature by the representatives of the countries listed in Annex A. Each signatory country shall deposit with the General Secretariat of the Organization of American States an instrument setting forth that it has accepted or ratified this Agreement in accordance with its own laws and has taken the steps necessary to enable it to fulfill all of its obligations under this Agreement.

(b) The General Secretariat of the Organization of American States shall send certified copies of this Agreement to the members of the Organization and duly notify them of each signature and

deposit of the instrument of acceptance or ratification made pursuant to the foregoing paragraph, as well as the date thereof.

(c) At the time the instrument of acceptance or ratification is deposited on its behalf, each country shall deliver to the General Secretariat of the Organization of American States, for the purpose of meeting administrative expenses of the Bank, gold or United States dollars equivalent to one-tenth of one percent of the purchase price of the shares of the Bank subscribed by it and of its quota in the Fund. This payment shall be credited to the member on account of its subscription and quota prescribed pursuant to Articles II, Section 4 (a) (i), and IV, Section 3 (d) (i). At any time on or after the date on which its instrument of acceptance or ratification is deposited, any member may make additional payments to be credited to the member on account of its subscription and quota prescribed pursuant to Articles II and IV. The General Secretariat of the Organization of American States shall hold all funds paid under this paragraph in a special deposit account or accounts and shall make such funds available to the Bank not later than the time of the first meeting of the Board of Governors held pursuant to Section 3 of this article. If this Agreement has not come into force by December 31, 1959, the General Secretariat of the Organization of American States shall return such funds to the countries that delivered them.

(d) On or after the date on which the Bank commences operations, the General Secretariat of the Organization of American States may receive the signature and the instrument of acceptance or ratification of this Agreement from any country whose membership has been approved in accordance with Article II, Section 1 (b).

SEC. 2. *Entry Into Force*

(a) This Agreement shall enter into force when it has been signed and instruments of acceptance or ratification have been deposited, in accordance with Section 1 (a) of this article, by representatives of countries whose subscriptions comprise not less than 85 percent of the total subscriptions set forth in Annex A.

(b) Countries whose instruments of acceptance or ratification were deposited prior to the date on which the agreement entered into force shall become members on that date. Other countries shall become members on the dates on which their instruments of acceptance or ratification are deposited.

SEC. 3. *Commencement of Operations*

(a) The Secretary General of the Organization of American States shall call the first meeting of the Board of Governors as soon as this Agreement enters into force under Section 2 of this article.

(b) At the first meeting of the Board of Governors arrangements shall be made for the selection of the executive directors and their alternates in accordance with the provisions of Article VIII, Section 3, and for the determination of the date on which the Bank shall commence operations. Notwithstanding the provisions of Article VIII, Section 3, the governors, if they deem it desirable, may provide that the first term to be served by such directors may be less than three years.

DONE at the city of Washington, District of Columbia, United States of America, in a single original, dated April 8, 1959, whose English, French, Portuguese, and Spanish texts are equally authentic.

Annex A—Subscriptions to Authorized Capital Stock of the Bank

[In shares of U.S.$10,000 each]

Country	Paid-in capital shares	Callable shares	Total subscription
Argentina	5, 157	5, 157	10, 314
Bolivia	414	414	828
Brazil	5, 157	5, 157	10, 314
Chile	1, 416	1, 416	2, 832
Colombia	1, 415	1, 415	2, 830
Costa Rica	207	207	414
Cuba	1, 842	1, 842	3, 684
Dominican Republic	276	276	552
Ecuador	276	276	552
El Salvador	207	207	414
Guatemala	276	276	552
Haiti	207	207	414
Honduras	207	207	414
Mexico	3, 315	3, 315	6, 630
Nicaragua	207	207	414
Panama	207	207	414
Paraguay	207	207	414
Peru	691	691	1, 382
United States of America	15, 000	20, 000	35, 000
Uruguay	553	553	1, 106
Venezuela	2, 763	2, 763	5, 526
Total	40, 000	45, 000	85, 000

Annex B—Contribution Quotas for the Fund for Special Operations

[In thousands of U.S. dollars]

Country:	*Quota*
Argentina	10, 314
Bolivia	828
Brazil	10, 314
Chile	2, 832
Colombia	2, 830
Costa Rica	414
Cuba	3, 684
Dominican Republic	552
Ecuador	552
El Salvador	414
Guatemala	552
Haiti	414
Honduras	414
Mexico	6, 630
Nicaragua	414
Panama	414
Paraguay	414
Peru	1, 382
United States of America	100, 000
Uruguay	1, 106
Venezuela	5, 526
Total	150, 000

Annex C—Election of Executive Directors

(a) The six executive directors referred to in Article VIII, Section 3 (b) (ii) shall be elected by the governors eligible to vote for that purpose.

(b) Each governor shall cast in favor of a single person all the votes to which the member he represents is entitled under Article VIII, Section 4.

(c) In the first place, as many ballots as are necessary shall be taken until each of four candidates receives a number of votes that represents a percentage not less than the sum of the percentages appertaining to the country with the greatest voting power and to the country with the least voting power. For the purposes of this paragraph, the total voting power of the countries entitled to participate in the voting provided for under this annex shall be counted as 100 percent.

(d) In the second place, governors whose votes have not been cast in favor of any of the directors elected under paragraph (c) of this annex shall elect the other two directors on the basis of one vote for each governor. The two candidates who each receive a greater number of votes than any other candidate, on the same ballot, shall be elected executive directors, and the balloting shall be repeated until this occurs. After the balloting has been completed, each governor who did not vote for either of the candidates elected shall assign his vote to one of them.

The number of votes under Article VIII, Section 4, of each governor who has voted for or assigned his vote to a candidate elected hereunder shall be deemed for the purposes of Article VIII, Section 4 (c) (ii) to have counted toward the election of such candidate.

9. Export Control Act of 1949, as Amended

[Public Law 11—81st Congress]

AN ACT To provide for continuation of authority for the regulation of exports, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export Control Act of 1949".

FINDINGS

(a) Certain materials continue in short supply at home and abroad so that the quantity of United States exports and their distribution among importing countries affect the welfare of the domestic economy and have an important bearing upon the fulfillment of the foreign policy of the United States.

(b) The unrestricted export of materials without regard to their potential military significance may affect the national security.

DECLARATION OF POLICY

SEC. 2. The Congress hereby declares that it is the policy of the United States to use export controls to the extent necessary (a) to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand; (b) to further the foreign policy of the United States and to aid in fulfilling its international responsibilities; and (c) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security.

AUTHORITY

SEC. 3. (a) To effectuate the policies set forth in section 2 hereof, the President may prohibit or curtail the exportation from the United States, its Territories, and possessions, of any articles, materials, or supplies, including technical data, except under such rules and regulations as he shall prescribe. To the extent necessary to achieve effective enforcement of this Act, such rules and regulations may apply to the financing, transporting, and other servicing of exports and the participation therein by any person.

(b) The President may delegate the power, authority, and discretion conferred upon him by this Act to such departments, agencies, or officials of the Government as he may deem appropriate.

(c) The authority conferred by this section shall not be exercised with respect to any agricultural commodity, including fats and oils, during any period for which the supply of such commodity is determined by the Secretary of Agriculture to be in excess of the require-

ments of the domestic economy, except to the extent required to effectuate the policies set forth in clause (b) or clause (c) of section 2 hereof.

CONSULTATION AND STANDARDS

SEC. 4. (a) In determining which articles, materials, or supplies shall be controlled hereunder, and in determining the extent to which exports thereof shall be limited, any department, agency, or official making these determinations shall seek information and advice from the several executive departments and independent agencies concerned with aspects of our domestic and foreign policies and operations having an important bearing on exports.

(b) In authorizing exports, full utilization of private competitive trade channels shall be encouraged insofar as practicable, giving consideration to the interests of small business, merchant exporters as well as producers, and established and new exporters, and provisions shall be made for representative trade consultation to that end. In addition, there may be applied such other standards or criteria as may be deemed necessary by the head of such department or agency, or official to carry out the policies of this Act.

VIOLATIONS

SEC. 5. In case of the violation of any provision of this Act or any regulation, order, or license issued hereunder, such violator or violators, upon conviction, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than one year, or by both such fine and imprisonment.

ENFORCEMENT

SEC. 6. (a) To the extent necessary or appropriate to the enforcement of this Act, the head of any department or agency exercising any functions hereunder (and officers or employees of such department or agency specifically designated by the head thereof) may make such investigations and obtain such information from, require such reports or the keeping of such records by, make such inspection of the books, records, and other writings, premises, or property of, and take the sworn testimony of, any person. In addition, such officers or employees may administer oaths or affirmations, and may by subpena require any person to appear and testify or to appear and produce books, records, and other writings, or both, and in case of contumacy by, or refusal to obey a subpena issued to, any such person, the district court of the United States for any district in which such person is found or resides or transacts business, upon application, and after notice to any such person and hearing shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce books, records, and other writings, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony

Act of February 11, 1893 (27 Stat. 443), shall apply with respect to any individual who specifically claims such privilege.

(c) No department, agency, or official exercising any functions under this Act shall publish or disclose information obtained hereunder which is deemed confidential or with reference to which a request for confidential treatment is made by the person furnishing such information unless the head of such department or agency determines that the withholding thereof is contrary to the national interest.

EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT

SEC. 7. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237), except as to the requirements of section 3 thereof.

QUARTERLY REPORT

SEC. 8. The head of any department or agency, or official exercising any functions under this Act shall make a quarterly report, within forty-five days after each quarter, to the President and to the Congress of his operations hereunder.

DEFINITION

SEC. 9. The term "person" as used herein shall include the singular and the plural and any individual, partnership, corporation, or other form of association, including any government or agency thereof.

EFFECT ON OTHER ACTS

SEC. 10. The Act of February 15, 1936 (49 Stat. 1140), relating to the licensing of exports of tin-plate scrap, is hereby superseded; but nothing contained in this Act shall be construed to modify, repeal, supersede, or otherwise affect the provisions of any other laws authorizing control over exports of any commodity.

EFFECTIVE DATE

SEC. 11. This Act shall take effect February 28, 1949, upon the expiration of section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended. All outstanding delegations, rules, regulations, orders, licenses, or other forms of administrative action under said section 6 of the Act of July 2, 1940, shall, until amended or revoked, remain in full force and effect, the same as if promulgated under this Act.

TERMINATION DATE

SEC. 12. The authority granted herein shall terminate on June 30, 1960, or upon any prior date which the Congress by concurrent resolution or the President may designate.

Approved February 26, 1949.

10. Section 22 of Agricultural Marketing Agreement Act of 1937, as Amended (7 U. S. C. 624 (f))

* * * * * * *

SEC. 22.[1] (a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall so advise the President, and, if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify. (7 U. S. C. 624 (a).)

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation referred to in subsection (a) of this section, or reduce sub-

[1] See also sec. 202 (a) and 204 of the Agricultural Act of 1956. Sec. 22 was added by the Act of August 24, 1935 (49 Stat. 778). As originally enacted this section authorized the President to restrict the importations of any agricultural commodity or product whenever he found, after investigation by the Tariff Commission and on the basis of its findings and recommendations made pursuant thereto, that such importations were adversely affecting programs or operations under the Agricultural Adjustment Act of 1933. Sec. 22 has been amended several times and was revised in its entirety by sec. 3 of the Agricultural Act of 1948 (62 Stat. 1247) and again by sec. 3 of the Act of June 28, 1950 (64 Stat. 261). The President is now authorized to impose quantitative restrictions (quotas) and fees on any agricultural commodity or product whenever he finds, pursuant to appropriate proceedings by the Tariff Commission, that imports of such commodity or product adversely affect or seriously threaten any program or operation undertaken by the Department of Agriculture. The Secretary of Agriculture has the responsibility of advising the President regarding the need for action under sec. 22. In addition, the Secretary of Agriculture is charged with the responsibility of determining the need for emergency action under sec. 22 with respect to perishable agricultural commodities. Presidential Executive Order No. 7233, dated November 23, 1935, contains the regulations governing investigations under this section. For statement of the policies and procedures of the Department of Agriculture in discharging its responsibilities under sec. 22, see 17 F. R. 8287 (September 16, 1952).

stantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided*, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 per centum of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the President: *And provided further*, That in designating any article or articles, the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine.

In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President.[2] (7 U. S. C. 624 (b).)

(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States. (7 U. S. C. 624 (c).)

(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section. (7 U. S. C. 624 (d).)

(e) Any decision of the President as to facts under this section shall be final. (7 U. S. C. 624 (e).)

(f) No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section.[3]

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[2] Paragraph added by sec. 104 of the Trade Agreements Extension Act of 1953, 67 Stat. 472.

[3] The provisions of this subsec. (f) were substituted for the original provisions by sec. 8 (b) of the Trade Agreements Extension Act of 1951, approved June 16, 1951, 65 Stat. 72, 75.

11. International Development Association Act

Text of Public Law 86-565, 86th Congress [H.R. 11001], 74 Stat. 293, approved June 30, 1960

AN ACT To provide for the participation of the United States in the International Development Association.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Development Association Act".

ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the International Development Association (hereinafter referred to as the "Association"), provided for by the Articles of Agreement (hereinafter referred to as the "Articles") of the Association deposited in the archives of the International Bank for Reconstruction and Development.

GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

SEC. 3. The Governor and Executive Director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286a), shall serve as Governor, Executive Director and alternates, respectively, of the Association.

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286b), shall apply with respect to the Association to the same extent as with respect to the International Bank for Reconstruction and Development and the International Monetary Fund. Reports with respect to the Association under paragraphs (5) and (6) of subsection (b) of section 4 of said Act, as amended, shall be included in the first report made thereunder after the establishment of the Association and in each succeeding report.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall, on behalf of the United States, (a) subscribe to additional funds under article III, section 1, of the articles; (b) accept any amendment under article IX of the articles; or (c) make a loan or provide other financing to the Association.

DEPOSITORIES

SEC. 6. Any Federal Reserve bank which is requested to do so by the Association shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) There is hereby authorized to be appropriated, without fiscal year limitation, for the subscription of the United States to the Association, $320,290,000.

(b) For the purpose of keeping to a minimum the cost to the United States of participation in the Association, the Secretary of the Treasury, after paying the requisite part of the subscription of the United States in the Association required to be made under the articles, is authorized and directed to issue special notes of the United States from time to time, at par, and to deliver such notes to the Association in exchange for dollars to the extent permitted by the articles. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this subsection, but such notes shall bear no interest, shall be nonnegotiable, and shall be payable on demand of the Association. The face amount of special notes issued to the Association under the authority of this subsection and outstanding at any one time shall not exceed, in the aggregate, the amount of the subscription of the United States actually paid to the Association under the articles.

(c) Any payment made to the United States by the Association as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION AND VENUE OF ACTIONS

SEC. 8. For the purpose of any action which may be brought within the United States, its possessions, or the Commonwealth of Puerto Rico, by or against the Association in accordance with the articles, the Association shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which the Association shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When the Association is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

STATUS, IMMUNITIES, AND PRIVILEGES

SEC. 9. The provisions of article VII, section 5(d), and article VIII, sections 2 to 9, both inclusive, of the articles shall have full force and effect in the United States, its possessions, and the Commonwealth of Puerto Rico, upon acceptance of membership by the United States in, and the establishment of, the Association.

Approved June 30, 1960.

12. Articles of Agreement of the International Development Association

The Governments on whose behalf this Agreement is signed,

Considering:

That mutual cooperation for constructive economic purposes, healthy development of the world economy and balanced growth of international trade foster international relationships conducive to the maintenance of peace and world prosperity;

That an acceleration of economic development which will promote higher standards of living and economic and social progress in the less-developed countries is desirable not only in the interests of those countries but also in the interests of the international community as a whole;

That achievement of these objectives would be facilitated by an increase in the international flow of capital, public and private, to assist in the development of the resources of the less-developed countries,

do hereby agree as follows:

Introductory Article

The International Development Association (hereinafter called "the Association") is established and shall operate in accordance with the following provisions:

Article I

PURPOSES

The purposes of the Association are to promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world included within the Association's membership, in particular by providing finance to meet their important developmental requirements on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the developmental objectives of the International Bank for Reconstruction and Development (hereinafter called "the Bank") and supplementing its activities.

The Association shall be guided in all its decisions by the provisions of this Article.

Article II

MEMBERSHIP; INITIAL SUBSCRIPTIONS

Section 1. *Membership*

(a) The original members of the Association shall be those members of the Bank listed in Schedule A hereto which, on or before the date specified in Article XI, Section 2(c), accept membership in the Association.

(b) Membership shall be open to other members of the Bank at such times and in accordance with such terms as the Association may determine.

SECTION 2. *Initial Subscriptions*

(a) Upon accepting membership, each member shall subscribe funds in the amount assigned to it. Such subscriptions are herein referred to as initial subscriptions.

(b) The initial subscription assigned to each original member shall be in the amount set forth opposite its name in Schedule A, expressed in terms of United States dollars of the weight and fineness in effect on January 1, 1960.

(c) Ten percent of the initial subscription of each original member shall be payable in gold or freely convertible currency as follows: fifty percent within thirty days after the date on which the Association shall begin operations pursuant to Article XI, Section 4, or on the date on which the original member becomes a member, whichever shall be later; twelve and one-half percent one year after the beginning of operations of the Association; and twelve and one-half percent each year thereafter at annual intervals until the ten percent portion of the initial subscription shall have been paid in full.

(d) The remaining ninety percent of the initial subscription of each original member shall be payable in gold or freely convertible currency in the case of members listed in Part I of Schedule A, and in the currency of the subscribing member in the case of members listed in Part II of Schedule A. This ninety percent portion of initial subscriptions of original members shall be payable in five equal annual instalments as follows: the first such instalment within thirty days after the date on which the Association shall begin operations pursuant to Article XI, Section 4, or on the date on which the original member becomes a member, whichever shall be later; the second instalment one year after the beginning of operations of the Association, and succeeding instalments each year thereafter at annual intervals until the ninety percent portion of the initial subscription shall have been paid in full.

(e) The Association shall accept from any member, in place of any part of the member's currency paid in or payable by the member under the preceding subsection (d) or under Section 2 of Article IV and not needed by the Association in its operations, notes or similar obligations issued by the government of the member or the depository designated by such member, which shall be non-negotiable, non-interest-bearing and payable at their par value on demand to the account of the Association in the designated depository.

(f) For the purposes of this Agreement the Association shall regard as "freely convertible currency":

(i) currency of a member which the Association determines, after consultation with the International Monetary Fund, is adequately convertible into the currencies of other members for the purposes of the Association's operations; or

(ii) currency of a member which such member agrees, on terms satisfactory to the Association, to exchange for the currencies of other members for the purposes of the Association's operations.

(g) Except as the Association may otherwise agree, each member listed in Part I of Schedule A shall maintain, in respect of its currency paid in by it as freely convertible currency pursuant to subsection (d) of this Section, the same convertibility as existed at the time of payment.

(h) The conditions on which the initial subscriptions of members other than original members may be made, and the amounts and the terms of payment thereof, shall be determined by the Association pursuant to Section 1(b) of this Article.

SECTION 3. *Limitation on Liability*

No member shall be liable, by reason of its membership, for obligations of the Association.

ARTICLE III

ADDITIONS TO RESOURCES

SECTION 1. *Additional Subscriptions*

(a) The Association shall at such time as it deems appropriate in the light of the schedule for completion of payments on initial subscriptions of original members, and at intervals of approximately five years thereafter, review the adequacy of its resources and, if it deems desirable, shall authorize a general increase in subscriptions. Notwithstanding the foregoing, general or individual increases in subscriptions may be authorized at any time, provided that an individual increase shall be considered only at the request of the member involved. Subscriptions pursuant to this Section are herein referred to as additional subscriptions.

(b) Subject to the provisions of paragraph (c) below, when additional subscriptions are authorized, the amounts authorized for subscription and the terms and conditions relating thereto shall be as determined by the Association.

(c) When any additional subscription is authorized, each member shall be given an opportunity to subscribe, under such conditions as shall be reasonably determined by the Association, an amount which will enable it to maintain its relative voting power, but no member shall be obligated to subscribe.

(d) All decisions under this Section shall be made by a two-thirds majority of the total voting power.

SECTION 2. *Supplementary Resources Provided by a Member in the Currency of Another Member*

(a) The Association may enter into arrangements, on such terms and conditions consistent with the provisions of this Agreement as may be agreed upon, to receive from any member, in addition to the amounts payable by such member on account of its initial or any additional subscription, supplementary resources in the currency of another member, provided that the Association shall not enter into any such arrangement unless the Association is satisfied that the member whose currency is involved agrees to the use of such currency as supplementary resources and to the terms and conditions governing such use. The arrangements under which any such resources are received may include provisions regarding the disposition of earnings on the resources and regarding the disposition of the resources in the event

that the member providing them ceases to be a member or the Association permanently suspends its operations.

(b) The Association shall deliver to the contributing member a Special Development Certificate setting forth the amount and currency of the resources so contributed and the terms and conditions of the arrangement relating to such resources. A Special Development Certificate shall not carry any voting rights and shall be transferable only to the Association.

(c) Nothing in this Section shall preclude the Association from accepting resources from a member in its own currency on such terms as may be agreed upon.

ARTICLE IV

CURRENCIES

SECTION 1. *Use of Currencies*

(a) Currency of any member listed in Part II of Schedule A, whether or not freely convertible, received by the Association pursuant to Article II, Section 2(d), in payment of the ninety percent portion payable thereunder in the currency of such member, and currency of such member derived therefrom as principal, interest or other charges, may be used by the Association for administrative expenses incurred by the Association in the territories of such member and, insofar as consistent with sound monetary policies, in payment for goods and services produced in the territories of such member and required for projects financed by the Association and located in such territories; and in addition when and to the extent justified by the economic and financial situation of the member concerned as determined by agreement between the member and the Association, such currency shall be freely convertible or otherwise usable for projects financed by the Association and located outside the territories of the member.

(b) The usability of currencies received by the Association in payment of subscriptions other than initial subscriptions of original members, and currencies derived therefrom as principal, interest or other charges, shall be governed by the terms and conditions on which such subscriptions are authorized.

(c) The usability of currencies received by the Association as supplementary resources other than subscriptions, and currencies derived therefrom as principal, interest or other charges, shall be governed by the terms of the arrangements pursuant to which such currencies are received.

(d) All other currencies received by the Association may be freely used and exchanged by the Association and shall not be subject to any restriction by the member whose currency is used or exchanged; provided that the foregoing shall not preclude the Association from entering into any arrangements with the member in whose territories any project financed by the Association is located restricting the use by the Association of such member's currency received as prnicipal, interest or other charges in connection with such financing.

(e) The Association shall take appropriate steps to ensure that, over reasonable intervals of time, the portions of the subscriptions

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paid under Article II, Section 2(d) by members listed in Part I of Schedule A shall be used by the Association on an approximately *pro rata* basis, provided, however, that such portions of such subscriptions as are paid in gold or in a currency other than that of the subscribing member may be used more rapidly.

SECTION 2. *Maintenance of Value of Currency Holdings*

(a) Whenever the par value of a member's currency is reduced or the foreign exchange value of a member's currency has, in the opinion of the Association, depreciated to a significant extent within that member's territories, the member shall pay to the Association within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of subscription, of the amount of the currency of such member paid in to the Association by the member under Article II, Section 2(d), and currency furnished under the provisions of the present paragraph, whether or not such currency is held in the form of notes accepted pursuant to Article II, Section 2(e), provided, however, that the foregoing shall apply only so long as and to the extent that such currency shall not have been initially disbursed or exchanged for the currency of another member.

(b) Whenever the par value of a member's currency is increased, or the foreign exchange value of a member's currency has, in the opinion of the Association, appreciated to a significant extent within that member's territories, the Association shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency to which the provisions of paragraph (a) of this Section are applicable.

(c) The provisions of the preceding paragraphs may be waived by the Association when a uniform proportionate change in the par value of the currencies of all its members is made by the International Monetary Fund.

(d) Amounts furnished under the provisions of paragraph (a) of this Section to maintain the value of any currency shall be convertible and usable to the same extent as such currency.

ARTICLE V

OPERATIONS

SECTION 1. *Use of Resources and Conditions of Financing*

(a) The Association shall provide financing to further development in the less-developed areas of the world included within the Association's membership.

(b) Financing provided by the Association shall be for purposes which in the opinion of the Association are of high developmental priority in the light of the needs of the area or areas concerned and, except in special circumstances, shall be for specific projects.

(c) The Association shall not provide financing if in its opinion such financing is available from private sources on terms which are reasonable for the recipient or could be provided by a loan of the type made by the Bank.

(d) The Association shall not provide financing except upon the recommendation of a competent committee, made after a careful study of the merits of the proposal. Each such committee shall be appointed

by the Association and shall include a nominee of the Governor or Governors representing the member or members in whose territories the project under consideration is located and one or more members of the technical staff of the Association. The requirement that the committee include the nominee of a Governor or Governors shall not apply in the case of financing provided to a public international or regional organization.

(e) The Association shall not provide financing for any project if the member in whose territories the project is located objects to such financing, except that it shall not be necessary for the Association to assure itself that individual members do not object in the case of financing provided to a public international or regional organization.

(f) The Association shall impose no conditions that the proceeds of its financing shall be spent in the territories of any particular member or members. The foregoing shall not preclude the Association from complying with any restrictions on the use of funds imposed in accordance with the provisions of these Articles, including restrictions attached to supplementary resources pursuant to agreement between the Association and the contributor.

(g) The Association shall make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was provided, with due attention to considerations of economy, efficiency and competitive international trade and without regard to political or other non-economic influences or considerations.

(h) Funds to be provided under any financing operation shall be made available to the recipient only to meet expenses in connection with the project as they are actually incurred.

SECTION 2. *Form and Terms of Financing*

(a) Financing by the Association shall take the form of loans. The Association may, however, provide other financing, either

(i) out of funds subscribed pursuant to Article III, Section 1, and funds derived therefrom as principal, interest or other charges, if the authorization for such subscriptions expressly provides for such financing;

or

(ii) in special circumstances, out of supplementary resources furnished to the Association, and funds derived therefrom as principal, interest or other charges, if the arrangements under which such resources are furnished expressly authorize such financing.

(b) Subject to the foregoing paragraph, the Association may provide financing in such forms and on such terms as it may deem appropriate having regard to the economic position and prospects of the area or areas concerned and to the nature and requirements of the project.

(c) The Association may provide financing to a member, the government of a territory included within the Association's membership, a political subdivision of any of the foregoing, a public or private entity in the territories of a member or members, or to a public international or regional organization.

(d) In the case of a loan to an entity other than a member, the Association may, in its discretion, require a suitable governmental or other guarantee or guarantees.

(e) The Association, in special cases, may make foreign exchange available for local expenditures.

SECTION 3. *Modifications of Terms of Financing*

The Association may, when and to the extent it deems appropriate in the light of all relevant circumstances, including the financial and economic situation and prospects of the member concerned, and on such conditions as it may determine, agree to a relaxation or other modification of the terms on which any of its financing shall have been provided.

SECTION 4. *Cooperation with Other International Organizations and Members Providing Development Assistance*

The Association shall cooperate with those public international organizations and members which provide financial and technical assistance to the less-developed areas of the world.

SECTION 5. *Miscellaneous Operations*

In addition to the operations specified elsewhere in this Agreement, the Association may:

(i) borrow funds with the approval of the member in whose currency the loan is denominated;

(ii) guarantee securities in which it has invested in order to facilitate their sale;

(iii) buy and sell securities it has issued or guaranteed or in which it has invested;

(iv) in special cases, guarantee loans from other sources for purposes not inconsistent with the provisions of these Articles;

(v) provide technical assistance and advisory services at the request of a member; and

(vi) exercise such other powers incidental to its operations as shall be necessary or desirable in furtherance of its purposes.

SECTION 6. *Political Activity Prohibited*

The Association and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in this Agreement.

ARTICLE VI

ORGANIZATION AND MANAGEMENT

SECTION 1. *Structure of the Association*

The Association shall have a Board of Governors, Executive Directors, a President and such other officers and staff to perform such duties as the Association may determine.

SECTION 2. *Board of Governors*

(a) All the powers of the Association shall be vested in the Board of Governors.

(b) Each Governor and Alternate Governor of the Bank appointed by a member of the Bank which is also a member of the Association shall *ex officio* be a Governor and Alternate Governor, respectively, of

the Association. No Alternate Governor may vote except in the absence of his principal. The Chairman of the Board of Governors of the Bank shall *ex officio* be Chairman of the Board of Governors of the Association except that if the Chairman of the Board of Governors of the Bank shall represent a state which is not a member of the Association, then the Board of Governors shall select one of the Governors as Chairman of the Board of Governors. Any Governor or Alternate Governor shall cease to hold office if the member by which he was appointed shall cease to be a member of the Association.

(c) The Board of Governors may delegate to the Executive Directors authority to exercise any of its powers, except the power to:

(i) admit new members and determine the conditions of their admission;

(ii) authorize additional subscriptions and determine the terms and conditions relating thereto;

(iii) suspend a member;

(iv) decide appeals from interpretations of this Agreement given by the Executive Directors;

(v) make arrangements pursuant to Section 7 of this Article to cooperate with other international organizations (other than informal arrangements of a temporary and administrative character);

(vi) decide to suspend permanently the operations of the Association and to distribute its assets;

(vii) determine the distribution of the Association's net income pursuant to Section 12 of this Article; and

(viii) approve proposed amendments to this Agreement.

(d) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Executive Directors.

(e) The annual meeting of the Board of Governors shall be held in conjunction with the annual meeting of the Board of Governors of the Bank.

(f) A quorum for any meeting of the Board of Governors shall be a majority of the Governors, exercising not less than two-thirds of the total voting power.

(g) The Association may by regulation establish a procedure whereby the Executive Directors may obtain a vote of the Governors on a specific question without calling a meeting of the Board of Governors.

(h) The Board of Governors, and the Executive Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Association.

(i) Governors and Alternate Governors shall serve as such without compensation from the Association.

SECTION 3. *Voting*

(a) Each original member shall, in respect of its initial subscription, have 500 votes plus one additional vote for each $5,000 of its initial subscription. Subscriptions other than initial subscriptions of original members shall carry such voting rights as the Board of Governors shall determine pursuant to the provisions of Article II, Section 1(b) or Article III, Section 1 (b) and (c), as the case

may be. Additions to resources other than subscriptions under Article II, Section 1(b) and additional subscriptions under Article III, Section 1, shall not carry voting rights.

(b) Except as otherwise specifically provided, all matters before the Association shall be decided by a majority of the votes cast.

SECTION 4. *Executive Directors*

(a) The Executive Directors shall be responsible for the conduct of the general operations of the Association, and for this purpose shall exercise all the powers given to them by this Agreement or delegated to them by the Board of Governors.

(b) The Executive Directors of the Association shall be composed *ex officio* of each Executive Director of the Bank who shall have been (i) appointed by a member of the Bank which is also a member of the Association, or (ii) elected in an election in which the votes of at least one member of the Bank which is also a member of the Association shall have counted toward his election. The Alternate to each such Executive Director of the Bank shall *ex officio* be an Alternate Director of the Association. Any Director shall cease to hold office if the member by which he was appointed, or if all the members whose votes counted toward his election, shall cease to be members of the Association.

(c) Each Director who is an appointed Executive Director of the Bank shall be entitled to cast the number of votes which the member by which he was appointed is entitled to cast in the Association. Each Director who is an elected Executive Director of the Bank shall be entitled to cast the number of votes which the member or members of the Association whose votes counted toward his election in the Bank are entitled to cast in the Association. All the votes which a Director is entitled to cast shall be cast as a unit.

(d) An Alternate Director shall have full power to act in the absence of the Director who shall have appointed him. When a Director is present, his Alternate may participate in meetings but shall not vote.

(e) A quorum for any meeting of the Executive Directors shall be a majority of the Directors exercising not less than one-half of the total voting power.

(f) The Executive Directors shall meet as often as the business of the Association may require.

(g) The Board of Governors shall adopt regulations under which a member of the Association not entitled to appoint an Executive Director of the Bank may send a representative to attend any meeting of the Executive Directors of the Association when a request made by, or a matter particularly affecting, that member is under consideration.

SECTION 5. *President and Staff*

(a) The President of the Bank shall be *ex officio* President of the Association. The President shall be Chairman of the Executive Directors of the Association but shall have no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors but shall not vote at such meetings.

(b) The President shall be chief of the operating staff of the Association. Under the direction of the Executive Directors he shall conduct the ordinary business of the Association and under their general

control shall be responsible for the organization, appointment and dismissal of the officers and staff. To the extent practicable, officers and staff of the Bank shall be appointed to serve concurrently as officers and staff of the Association.

(c) The President, officers and staff of the Association, in the discharge of their offices, owe their duty entirely to the Association and to no other authority. Each member of the Association shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

(d) In appointing officers and staff the President shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

SECTION 6. *Relationship to the Bank*

(a) The Association shall be an entity separate and distinct from the Bank and the funds of the Association shall be kept separate and apart from those of the Bank. The Association shall not borrow from or lend to the Bank, except that this shall not preclude the Association from investing funds not needed in its financing operations in obligations of the Bank.

(b) The Association may make arrangements with the Bank regarding facilities, personnel and services and arrangements for reimbursement of administrative expenses paid in the first instance by either organization on behalf of the other.

(c) Nothing in this Agreement shall make the Association liable for the acts or obligations of the Bank, or the Bank liable for the acts or obligations of the Association.

SECTION 7. *Relations with Other International Organizations*

The Association shall enter into formal arrangements with the United Nations and may enter into such arrangements with other public international organizations having specialized responsibilities in related fields.

SECTION 8. *Location of Offices*

The principal office of the Association shall be the principal office of the Bank. The Association may establish other offices in the territories of any member.

SECTION. 9. *Depositories*

Each member shall designate its central bank as a depository in which the Association may keep holdings of such members's currency or other assets of the Association, or, if it has no central bank, it shall designate for such purpose such other institution as may be acceptable to the Association. In the absence of any different designation, the depository designated for the Bank shall be the depository for the Association.

SECTION 10. *Channel of Communication*

Each member shall designate an appropriate authority with which the Association may communicate in connection with any matter arising under this Agreement. In the absence of any different designation, the channel of communication designated for the Bank shall be the channel for the Association.

SECTION 11. *Publication of Reports and Provision of Information*

(a) The Association shall publish an annual report containing an audited statement of its accounts and shall circulate to members at appropriate intervals a summary statement of its financial position and of the results of its operation.

(b) The Association may publish such other reports as it deems desirable to carry out its purposes.

(c) Copies of all reports, statements, and publications made under this Section shall be distributed to members.

SECTION 12. *Disposition of Net Income*

The Board of Governors shall determine from time to time the disposition of the Association's net income, having due regard to provisions for reserves and contingencies.

ARTICLE VII

WITHDRAWAL; SUSPENSION OF MEMBERSHIP; SUSPENSION OF OPERATIONS

SECTION 1. *Withdrawal by Members*

Any member may withdraw from membership in the Association at any time by transmitting a notice in writing to the Association at its principal office. Withdrawal shall become effective upon the date such notice is received.

SECTION 2. *Suspension of Membership*

(a) If a member fails to fulfill any of its obligations to the Association, the Association may suspend its membership by decision of a majority of the Governors, exercising a majority of the total voting power. The member so suspended shall automatically cease to be a member one year from the date of its suspension unless a decision is taken by the same majority to restore the member to good standing.

(b) While under suspension, a member shall not be entitled to exercise any rights under this Agreement except the right of withdrawal, but shall remain subject to all obligations.

SECTION 3. *Suspension or Cessation of Membership in the Bank*

Any member which is suspended from membership in, or ceases to be a member of, the Bank shall automatically be suspended from membership in, or cease to be a member of, the Association, as the case may be.

SECTION 4. *Rights and Duties of Governments Ceasing to be Members*

(a) When a government ceases to be a member, it shall have no rights under this Agreement except as provided in this Section and in Article X(c), but it shall, except as in this Section otherwise provided, remain liable for all financial obligations undertaken by it to the Association, whether as a member, borrower, guarantor or otherwise.

(b) When a government ceases to be a member, the Association and the government shall proceed to a settlement of accounts. As part of such settlement of accounts, the Association and the government may agree on the amounts to be paid to the government on account of its subscription and on the time and currencies of payment. The term "subscription" when used in relation to any

member government shall for the purposes of this Article be deemed to include both the initial subscription and any additional subscription of such member government.

(c) If no such agreement is reached within six months from the date when the government ceased to be a member, or such other time as may be agreed upon by the Association and the government, the following provisions shall apply:

(i) The government shall be relieved of any further liability to the Association on account of its subscription, except that the government shall pay to the Association forthwith amounts due and unpaid on the date when the government ceased to be a member and which in the opinion of the Association are needed by it to meet its commitments as of that date under its financing operations.

(ii) The Association shall return to the government funds paid in by the government on account of its subscription or derived therefrom as principal repayments and held by the Association on the date when the government ceased to be a member, except to the extent that in the opinion of the Association such funds will be needed by it to meet its commitments as of that date under its financing operations.

(iii) The Association shall pay over to the government a *pro rata* share of all principal repayments received by the Association after the date on which the government ceases to be a member on loans contracted prior thereto, except those made out of supplementary resources provided to the Association under arrangements specifying special liquidation rights. Such share shall be such proportion of the total principal amount of such loans as the total amount paid by the government on account of its subscription and not returned to it pursuant to clause (ii) above shall bear to the total amount paid by all members on account of their subscriptions which shall have been used or in the opinion of the Association will be needed by it to meet its commitments under its financing operations as of the date on which the government ceases to be a member. Such payment by the Association shall be made in instalments when and as such principal repayments are received by the Association, but not more frequently than annually. Such instalments shall be paid in the currencies received by the Association except that the Association may in its discretion make payment in the currency of the government concerned.

(iv) Any amount due to the government on account of its subscription may be withheld so long as that government, or the government of any territory included within its membership, or any political subdivision or any agency of any of the foregoing remains liable, as borrower or guarantor, to the Association, and such amount may, at the option of the Association, be applied against any such liability as it matures.

(v) In no event shall the government receive under this paragraph (c) an amount exceeding, in the aggregate, the lesser of the two following: (a) the amount paid by the government on account of its subscription, or (b) such proportion of the net assets of the Association, as shown on the books of the Association as of the date on which the government ceased to be a member, as

the amount of its subscription shall bear to the aggregate amount of the subscriptions of all members.

(vi) All calculations required hereunder shall be made on such basis as shall be reasonably determined by the Association.

(d) In no event shall any amount due to a government under this Section be paid until six months after the date upon which the government ceases to be a member. If within six months of the date upon which any government ceases to be a member the Association suspends operations under Section 5 of this Article, all rights of such government shall be determined by the provisions of such Section 5 and such government shall be considered a member of the Association for purposes of such Section 5, except that it shall have no voting rights.

SECTION 5. *Suspension of Operations and Settlement of Obligations*

(a) The Association may permanently suspend its operations by vote of a majority of the Governors exercising a majority of the total voting power. After such suspension of operations the Association shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations. Until final settlement of such obligations and distribution of such assets, the Association shall remain in existence and all mutual rights and obligations of the Association and its members under this Agreement shall continue unimpaired, except that no member shall be suspended or shall withdraw and that no distribution shall be made to members except as in this Section provided.

(b) No distribution shall be made to members on account of their subscriptions until all liabilities to creditors shall have been discharged or provided for and until the Board of Governors, by vote of a majority of the Governors exercising a majority of the total voting power, shall have decided to make such distribution.

(c) Subject to the foregoing, and to any special arrangements for the disposition of supplementary resources agreed upon in connection with the provision of such resources to the Association, the Association shall distribute its assets to members *pro rata* in proportion to amounts paid in by them on account of their subscriptions. Any distribution pursuant to the foregoing provision of this paragraph (c) shall be subject, in the case of any member, to prior settlement of all outstanding claims by the Association against such member. Such distribution shall be made at such times, in such currencies, and in cash or other assets as the Association shall deem fair and equitable. Distribution to the several members need not be uniform in respect of the type of assets distributed or of the currencies in which they are expressed.

(d) Any member receiving assets distributed by the Association pursuant to this Section or Section 4 shall enjoy the same rights with respect to such assets as the Association enjoyed prior to their distribution.

Article VIII

STATUS, IMMUNITIES AND PRIVILEGES

Section 1. *Purposes of Article*

To enable the Association to fulfill the functions with which it is entrusted, the status, immunities and privileges provided in this Article shall be accorded to the Association in the territories of each member.

Section 2. *Status of the Association*

The Association shall possess full juridical personality and, in particular, the capacity:

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

Section 3. *Position of the Association with Regard to Judicial Process*

Actions may be brought against the Association only in a court of competent jurisdiction in the territories of a member in which the Association has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Association shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Association.

Section 4. *Immunity of Assets from Seizure*

Property and assets of the Association, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

Section 5. *Immunity of Archives*

The archives of the Association shall be inviolable.

Section 6. *Freedom of Assets from Restrictions*

To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of this Agreement, all property and assets of the Association shall be free from restrictions, regulations, controls and moratoria of any nature.

Section 7. *Privilege for Communications*

The official communications of the Association shall be accorded by each member the same treatment that it accords to the official communications of other members.

SECTION 8. *Immunities and Privileges of Officers and Employees*

All Governors, Executive Directors, Alternates, officers and employees of the Association

(i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the Association waives this immunity;

(ii) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

(iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

SECTION 9. *Immunities from Taxation*

(a) The Association, its assets, property, income and its operations and transactions authorized by this Agreement, shall be immune from all taxation and from all customs duties. The Association shall also be immune from liability for the collection or payment of any tax or duty.

(b) No tax shall be levied on or in respect of salaries and emoluments paid by the Association to Executive Directors, Alternates, officials or employees of the Association who are not local citizens, local subjects, or other local nationals.

(c) No taxation of any kind shall be levied on any obligation or security issued by the Association (including any dividend or interest thereon) by whomsoever held

(i) which discriminates against such obligation or security solely because it is issued by the Association; or

(ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Association.

(d) No taxation of any kind shall be levied on any obligation or security guaranteed by the Association (including any dividend or interest thereon) by whomsoever held

(i) which discriminates against such obligation or security solely because it is guaranteed by the Association; or

(ii) if the sole jurisdictional basis for such taxation is the location of any office or place or business maintained by the Association.

SECTION 10. *Application of Article*

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this Article and shall inform the Association of the detailed action which it has taken.

Article IX

AMENDMENTS

(a) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a Governor or the Executive Directors, shall be communicated to the Chairman of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board, the Association shall, by circular letter or telegram, ask all members whether they accept the proposed amendment. When three-fifths of the members, having four-fifths of the total voting power, have accepted the proposed amendments, the Association shall certify the fact by formal communication addressed to all members.

(b) Notwithstanding (a) above, acceptance by all members is required in the case of any amendment modifying

(i) the right to withdraw from the Association provided in Article VII, Section I;

(ii) the right secured by Article III, Section 1 (c);

(iii) the limitation on liability provided in Article II, Section 3.

(c) Amendments shall enter into force for all members three months after the date of the formal communication unless a shorter period is specified in the circular letter or telegram.

Article X

INTERPRETATION AND ARBITRATION

(a) Any question of interpretation of the provisions of this Agreement arising between any member and the Association or between any members of the Association shall be submitted to the Executive Directors for their decision. If the question particularly affects any member of the Association not entitled to appoint an Executive Director of the Bank, it shall be entitled to representation in accordance with Article VI, Section 4(g).

(b) In any case where the Executive Directors have given a decision under (a) above, any member may require that the question be referred to the Board of Governors, whose decision shall be final. Pending the result of the reference to the Board of Governors, the Association may, so far as it deems necessary, act on the basis of the decision of the Executive Directors.

(c) Whenever a disagreement arises between the Association and a country which has ceased to be a member, or between the Association and any member during the permanent suspension of the Association, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Association, another by the country involved and an umpire who, unless the parties otherwise agree, shall be appointed by the President of the International Court of Justice or such other authority as may have been prescribed by

regulation adopted by the Association. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

ARTICLE XI

FINAL PROVISION

SECTION 1. *Entry into Force*

This Agreement shall enter into force when it has been signed on behalf of governments whose subscriptions comprise not less than sixty-five percent of the total subscriptions set forth in Schedule A and when the instruments referred to in Section 2(a) of this Article have been deposited on their behalf, but in no event shall this Agreement enter into force before September 15, 1960.

SECTION 2. *Signature*

(a) Each government on whose behalf this Agreement is signed shall deposit with the Bank an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement.

(b) Each government shall become a member of the Association as from the date of the deposit on its behalf of the instrument referred to in paragraph (a) above except that no government shall become a member before this Agreement enters into force under Section 1 of this Article.

(c) This Agreement shall remain open for signature until the close of business on December 31, 1960, at the principal office of the Bank, on behalf of the governments of the states whose names are set forth in Schedule A, provided that, if this Agreement shall not have entered into force by that date, the Executive Directors of the Bank may extend the period during which this Agreement shall remain open for signature by not more than six months.

(d) After this Agreement shall have entered into force, it shall be open for signature on behalf of the government of any state whose membership shall have been approved pursuant to Article II, Section 1(b).

SECTION 3. *Territorial Application*

By its signature of this Agreement, each government accepts it both on its own behalf and in respect of all territories for whose international relations such government is responsible except those which are excluded by such government by written notice to the Association.

SECTION 4. *Inauguration of the Association*

(a) As soon as this Agreement enters into force under Section 1 of this Article the President shall call a meeting of the Executive Directors.

(b) The Association shall begin operations on the date when such meeting is held.

(c) Pending the first meeting of the Board of Governors, the Executive Directors may exercise all the powers of the Board of Governors except those reserved to the Board of Governors under this Agreement.

SECTION 5. *Registration*

The Bank is authorized to register this Agreement with the Secretariat of the United Nations in accordance with Article 102 of the Charter of the United Nations and the Regulations thereunder adopted by the General Assembly.

DONE at Washington, in a single copy which shall remain deposited in the archives of the International Bank for Reconstruction and Development, which has indicated by its signature below its agreement to the act as depository of this Agreement, to register this Agreement with the Secretariat of the United Nations and to notify all governments whose names are set forth in Schedule A of the date when this Agreement shall have entered into force under Article XI, Section 1 hereof.

SCHEDULE A—INITIAL SUBSCRIPTIONS

(US $ Millions)*

Part I:	
Australia	20.18
Austria	5.04
Belgium	22.70
Canada	37.83
Denmark	8.74
Finland	3.83
France	52.96
Germany	52.96
Italy	18.16
Japan	33.59
Luxembourg	1.01
Netherlands	27.74
Norway	6.72
Sweden	10.09
Union of South Africa	10.09
United Kingdom	131.14
United States	320.29
Subtotal	763.07
Part II:	
Afghanistan	1.01
Argentina	18.83
Bolivia	1.06
Brazil	18.83
Burma	2.02
Ceylon	3.03
Chile	3.53
China	30.26
Colombia	3.53
Costa Rica	0.20
Cuba	4.71
Dominican Republic	0.40
Ecuador	0.65
El Salvador	0.30
Ethiopia	0.50
Ghana	2.36
Greece	2.52
Part II—continued	
Guatemala	0.40
Haiti	0.76
Honduras	0.30
Iceland	0.10
India	40.35
Indonesia	11.10
Iran	4.54
Iraq	0.76
Ireland	3.03
Israel	1.68
Jordan	0.30
Korea	1.26
Lebanon	0.45
Libya	1.01
Malaya	2.52
Mexico	8.74
Morocco	3.53
Nicaragua	0.30
Pakistan	10.09
Panama	0.02
Paraguay	0.30
Peru	1.77
Philippines	5.04
Saudi Arabia	3.70
Spain	10.09
Sudan	1.01
Thailand	3.03
Tunisia	1.51
Turkey	5.80
United Arab Republic	6.03
Uruguay	1.06
Venezuela	7.06
Viet-Nam	1.51
Yugoslavia	4.04
Subtotal	236.93
Total	1,000.00

* In terms of United States dollars of the weight and fineness in effect on January 1, 1960.

13. Latin American Assistance Act

Text of Public Law 86–735, 86th Congress [H.R. 13021], 74 Stat. 869, approved September 8, 1960

AN ACT To provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

STATEMENT OF POLICY

SECTION 1. (a) It is the sense of the Congress that—

(1) the historic, economic, political, and geographic relationships among the American Republics are unique and of special significance and, as appropriate, should be so recognized in future legislation;

(2) although governmental forms differ among the American Republics, the peoples of all the Americas are dedicated to the creation and maintenance of governments which will promote individual freedom;

(3) the interests of the American Republics are so interrelated that sound social and economic progress in each is of importance to all and that lack of it in any American Republic may have serious repercussions in others;

(4) for the peoples of Latin America to continue to progress within the framework of our common heritage of democratic ideals, there is a compelling need for the achievement of social and economic advance adequate to meet the legitimate aspirations of the individual citizens of the countries of Latin America for a better way of life;

(5) there is a need for a plan of hemispheric development, open to all American Republics which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, the growth of free economic and social institutions, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers;

(6) mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to all countries, it is the hope of the people of the United States that all American Republics will jointly exert sustained common efforts which will speedily achieve that economic cooperation in the Western Hemisphere which is essential for lasting peace and prosperity; and

(7) accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, private enterprise, and genuine independence in the Western Hemisphere through cooperation with all American Republics which participate in a joint development program based upon self-help and mutual efforts.

(b) In order to carry forward the above policy, the Congress hereby—

(1) urges the President through our constitutional processes to develop cooperative programs on a bilateral or multilateral basis which will set forth specific plans of action designed to foster economic progress and improvements in the welfare and level of living of all the peoples of the American Republics on the basis of joint aid, mutual effort, and common sacrifice;

(2) proposes the development of workable procedures to expand hemispheric trade and to moderate extreme price fluctuations in commodities which are of exceptional importance in the economies of the American Republics, and encourages the development of regional economic cooperation among the American Republics;

(3) supports the development of a more accurate and sympathetic understanding among the peoples of the American Republics through a greater interchange of persons, ideas, techniques, and educational, scientific, and cultural achievements;

(4) supports the strengthening of free democratic trade unions to raise standards of living through improved management-labor relations;

(5) favors the progressive development of common standards with respect to the rights and the responsibilities of private investment which flows across national boundaries within the Western Hemisphere;

(6) supports the consolidation of the public institutions and agencies of inter-American cooperation, insofar as feasible, within the structure of the Organization of American States and the strengthening of the personnel resources and authority of the Organization in order that it may play a role of increasing importance in all aspects of hemispheric cooperation; and

(7) declares that it is prepared to give careful and sympathetic consideration to programs which the President may develop for the purpose of promoting these policies.

AUTHORIZATION

SEC. 2. In order to carry out the purposes of section 1 of this Act, there is hereby authorized to be appropriated to the President not to exceed $500,000,000, which shall remain available until expended, and which the President may use, subject to such further legislative provisions as may be enacted, in addition to other funds available for such purposes, on such terms and conditions as he may specify: *Provided*, That none of the funds made available pursuant to this section shall be used to furnish assistance to any country in Latin America being subjected to economic or diplomatic sanctions by the Organization of

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American States. The Secretary of State shall keep the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House currently informed about plans and programs for the utilization of such funds.

SPECIAL AUTHORIZATION FOR CHILEAN RECONSTRUCTION

SEC. 3. There is hereby authorized to be appropriated to the President not to exceed $100,000,000, which shall remain available until expended, for use, in addition to other funds available for such purposes, in the reconstruction and rehabilitation of Chile on such terms and conditions as the President may specify.

SEC. 4. Section 551 of the Mutual Security Act of 1954, as amended, which relates to limitation on the use of the President's special authority, is amended by inserting before the period " : *Provided, however,* That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411(b) and 411(c) of this Act".

Approved September 8, 1960.

G. OTHER LEGISLATION AND DOCUMENTS

1. 1954 Amendment to Merchant Marine Act of 1936

Text of Public Law 664, 83d Congress [S. 3233], 68 Stat. 832, approved August 26, 1954

AN ACT To amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 901 of the Merchant Marine Act, 1936, as amended,[1] is hereby amended by inserting "(a)" after "SEC. 901." and by adding at the end of the section the following new subsection:

"(b) Whenever the United States shall procure, contract for, or otherwise obtain for its own account, or shall furnish to or for the account of any foreign nation without provision for reimbursement, any equipment, materials, or commodities, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 per centum of the gross tonnage of such equipment, materials, or commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers), which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographic areas: *Provided*, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901(b) and so notifies the appropriate agency or agencies: *And provided further*, That the provisions of this subsection shall not apply to cargoes carried in the vessels of the Panama Canal Company. Nothing herein shall repeal or otherwise modify the provisions of Public Resolution Numbered 17, Seventy-third Congress (48 Stat. 500) [2] as amended." [3]

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[1] 46 U.S.C. § 1241.
[2] 15 U.S.C. § 616a.
[3] See second NOTE on page 208, Sec. 509 of the MSAct, p. 44, and Sec. 404 of the MSAct, p. 26.

2. Loan of Vessels to Friendly Foreign Countries

Text of Public Law 85-532, 85th Congress [S. 3506], 72 Stat. 376, approved July 18, 1958

AN ACT To authorize the transfer of naval vessels to friendly foreign countries.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding section 7307 of title 10, United States Code,[1] or any other law, the President may extend the loan [2] of one aircraft carrier to the Government of France until June 30, 1960, and may in addition lend or otherwise make available to friendly foreign nations, from the reserve fleet, on such terms and under such conditions as he deems appropriate, destroyers, destroyer escorts, and submarines, as follows: (1) North Atlantic Treaty Organization and European Area (the Federal Republic of Germany, Greece, Italy, Norway, Spain and Turkey) not to exceed nineteen ships; (2) Latin American area (Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Peru and Uruguary) not to exceed eighteen ships; (3) far eastern area (Japan, Taiwan, and Thailand) not to exceed four ships; and (4) a pool of not to exceed two such ships to be loaned to friendly nations in an emergency. The President may promulgate such rules and regulations as he deems necessary to carry out the provisions of this Act.

SEC. 2. Loans under this Act shall be for periods not exceeding five years. All loans shall be made on the condition that they may be terminated at an earlier date if necessitated by the defense requirements of the United States.

SEC. 3. All expenses involved in the activation, rehabilitation, and outfitting, including repairs, alterations, and logistic support, of vessels transferred under this Act shall be charged to funds programed for the recipient government under the Mutual Security Act of 1954, as amended,[3] or to funds provided by the recipient government under the reimbursable provisions of that Act.[4] In the event that a loan is terminated by the United States prior to the expiration of the loan period, the Secretary of Defense may reimburse the recipient government on a pro rata basis for funds provided by it under the reimbursable provisions of the Mutual Security Act of 1954, as amended, in connection with the loan.

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[1] 10 U.S.C. 7307 provides:

"(a) Notwithstanding any other provision of law, no battleship, aircraft carrier, cruiser, destroyer, or submarine of the Navy may be sold, transferred, or otherwise disposed of, unless the Chief of Naval Operations certifies that it is not essential to the defense of the United States.

"(b) Without authority from Congress granted after March 10, 1951, no battleship, aircraft carrier, cruiser, destroyer, or submarine that has not been stricken from the Naval Vessel Register under section 7304 of this title, nor any interest of the United States in such a vessel, may be sold, transferred, or otherwise disposed of under any law."

[2] See note relating to Public Law 188, 83d Cong. [S. 2277], p. 471.

[3] For text, see p. 1.

[4] See sec. 522(c), Mutual Security Act of 1954, as amended, p. 49.

SEC. 4. No vessel may be made available under this Act unless the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that its transfer is in the best interests of the United States. The Secretary of Defense shall keep the Congress currently advised of all transfers under this Act.

SEC. 5. The authority of the President to transfer naval vessels under this Act terminates on December 31, 1960.

LOAN OF VESSELS TO ITALY, FRANCE, AND NATIONS IN THE FAR EASTERN OR EUROPEAN AREAS

NOTE.—Public Law 188, 83d Congress, 67 Stat. 363, approved August 5, 1953, as amended by Public Law 168, 84th Congress, 69 Stat. 373, approved July 26, 1955, and Public Law 948, 84th Congress, 70 Stat. 967, approved August 3, 1956, authorized the President: (1) to lend two submarines to the Government of Italy for a period of not more than five years; (2) to lend a small aircraft carrier to the Government of France until June 30, 1958; and (3) prior to December 31, 1957, to lend twenty-five naval vessels, not larger than the destroyer type, to friendly nations in the Far Eastern or European area. It also provided that all expenses involved in the activation and repair of the vessels "shall be charged to funds programmed for the recipient Governments under the Mutual Security Act of 1954, as amended, or provided by the recipient Governments under reimbursable provisions of such Act."

Public Law, 86–57, 86th Congress, 73 Stat. 90, approved June 23, 1959, authorized the extension for an additional period of 5 years each of the loans made under Public Law 188, 83d Congress, as amended, of 2 submarines to Italy and 2 destroyers to China.

Public Law 86–482, 86th Congress, 74 Stat. 153, approved June 1, 1960, authorized the extension for an additional period of 5 years of a loan of one destroyer made to the Government of the Republic of China under Public Law 188, 83d Congress, as amended.

SUBMARINES—LOAN TO GOVERNMENT OF BRAZIL

NOTE.—Public Law 484, 84th Congress, 70 Stat. 105, approved April 6, 1956, authorized the loan of two submarines to the Government of Brazil. It reads as follows:

"The President is authorized to lend two submarines to the Government of Brazil for a period of not more than five years and may, in his discretion, extend the loan for an additional period of not more than five years. The President shall, prior to the delivery of the submarines to the Government of Brazil, conclude an agreement with the Government providing for the return of the submarines in accordance with the provisions of this Act and in substantially the same condition as when loaned. All expenses involved in the activation of the submarines, including repairs, alterations, outfitting, and logistic support shall be charged to funds programmed for the Brazilian Government under the Mutual Security Act."

TRANSFER OF VESSELS TO VENEZUELA AND THE NETHERLANDS

NOTE.—Public Law 85–220, 85th Congress, 71 Stat. 495, approved August 29, 1957, authorized the sale of three destroyers and one submarine to the Government of Venezuela and the extension of the loan of two submarines to the Government of the Netherlands for a period not to exceed five years. It also provides that all expenses involved in the activation and repair of vessels transferred under this Act shall be charged to funds "programmed for the recipient government under the Mutual Security Act of 1954, as amended, or to funds provided by the recipient government under the reimbursable provisions of that Act."

LOAN OF VESSELS TO TURKEY

NOTE.—Public Law 214, 83d Congress, 67 Stat. 471, approved August 7, 1953, authorized the President to lend 2 submarines to the Government of Turkey for a period of not more than 5 years. It provided that "all expenses involved in the activation of the submarines, including repairs, alterations, outfitting, and logistic support shall be charged to funds programmed for the Turkish Government under the Mutual Security Act."

Public Law 86–57, 86th Congress, 73 Stat. 90, approved June 23, 1959, authorized the extension for an additional period of 5 years of this loan of 2 submarines to Turkey.

3. Excerpt From Standing Rules of the Senate

Rule XXV

STANDING COMMITTEES

* * * * * * *

(i) Committee on Foreign Relations, to consist of seventeen[1] Senators, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

1. Relations of the United States with foreign nations generally.
2. Treaties.
3. Establishment of boundary lines between the United States and foreign nations.
4. Protection of American citizens abroad and expatriation.
5. Neutrality.
6. International conferences and congresses.
7. The American National Red Cross.
8. Intervention abroad and declarations of war.
9. Measures relating to the diplomatic service.
10. Acquisition of land and buildings for embassies and legations in foreign countries.
11. Measures to foster commercial intercourse with foreign nations and to safeguard American business interests abroad.
12. United Nations Organization and international financial and monetary organizations.
13. Foreign loans.

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[1] Number changed from thirteen to fifteen (S. Jour. 56–57, 83–1, Jan. 9, 1953), and from fifteen to seventeen (S. Jour. 42, 86–1, Jan. 14, 1959).

4. Excerpt From Rules of the House of Representatives

RULE XI

POWERS AND DUTIES OF COMMITTEES

* * * * * * *

7. Committee on Foreign Affairs.[1]

(a) Relations of the United States with foreign nations generally.

(b) Acquisition of land and buildings for embassies and legations in foreign countries.

(c) Establishment of boundary lines between the United States and foreign nations.

(d) Foreign loans.

(e) International conferences and congresses.

(f) Intervention abroad and declarations of war.

(g) Measures relating to the diplomatic service.

(h) Measures to foster commercial intercourse with foreign nations and to safeguard American business interests abroad.

(i) Neutrality.

(j) Protection of American citizens abroad and expatriation.

(k) The American National Red Cross.

(l) United Nations Organization and international financial and monetary organizations.

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[1] The jurisdiction as defined in the rule was made effective January 2, 1947, as a part of the Legislative Reorganization Act of 1946 (60 Stat. 812). (References in this footnote are to Hinds' (IV, 4162) and Cannon's Precedents (VII, 1884).)

This committee was established in 1822 (IV, 4162), and had authority to report appropriations from 1885 to 1920.

It has a broad jurisdiction over foreign relations, including bills to establish boundary lines between the United States and foreign nations, to determine naval strength, and regulate bridges and dams on international waters (IV, 4166; see also "General Bridge Act," 33 U.S.C. 525, 533), for the protection of American citizens abroad and expatriation (IV, 4169; VII, 1883), to maintain the treaty rights of American fishermen (IV, 4171), for extradition with foreign nations, international arbitration, relating to violation of neutrality (IV, 4178a), international conferences and congresses (IV, 4177; VII, 1884), the incorporation of the American National Red Cross and protection of its insignia (IV, 4173), immigration of Chinese and Japanese (IV, 4172), intervention abroad and declarations of war (IV, 4164, VII, 1880), affairs of the consular service, including acquisition of land and buildings for legations in foreign capitals (IV, 4163; VII, 1879), creation of courts of the United States in foreign countries (IV, 4167), treaty regulations as to protection of fur seals (IV, 4170), matters relating to the Philippines (see 60 Stat. 315).

The committee has also considered measures for fostering commercial intercourse with foreign nations and for safeguarding American business interests abroad (IV, 4175), and even the subjects of commercial treaties and reciprocal arrangements (IV, 4174), although in later practice the Committee on Ways and Means has considered such matters (IV, 4021). Foreign Affairs has exercised a general but not exclusive jurisdiction over legislation relating to claims having international relations (IV, 4168; VII, 1882).

5. Acceptance of Compulsory Jurisdiction of International Court of Justice, August 2, 1946 (Including Connally Reservation), S. Res. 196, 79th Congress, Adopted August 2, 1946

Resolved (*two-thirds of the Senators present concurring therein*), That the Senate advise and consent to the deposit by the President of the United States with the Secretary-General of the United Nations, of a declaration under paragraph 2 of article 36 of the Statute of the International Court of Justice recognizing as compulsory ipso facto and without special agreement, in relation to any other state accepting the same obligation, the jurisdiction of the International Court of Justice in all legal disputes hereafter arising concerning—

a. the interpretation of a treaty;

b. any question of international law;

c. the existence of any fact which, if established, would constitute a breach of an international obligation;

d. the nature or extent of the reparation to be made for the breach of an international obligation.

Provided, That such declaration shall not apply to—

a. disputes the solution of which the parties shall entrust to other tribunals by virtue of agreements already in existence or which may be concluded in the future;

b. disputes with regard to matters which are essentially within the domestic jurisdiction of the United States as determined by the United States; or

c. disputes arising under a multilateral treaty, unless (1) all parties to the treaty affected by the decision are also parties to the case before the Court, or (2) the United States specially agrees to jurisdiction.

Provided further, That such declaration shall remain in force for a period of five years and thereafter until the expiration of six months after notice may be given to terminate the declaration.

6. International Claims Settlement Act of 1949, as Amended

Text of Public Law 455, 81st Congress (H. R. 4406), 64 Stat. 12, approved March 10, 1950, as amended by Public Law 242, 83d Congress (H. R. 5742), 67 Stat. 506, approved August 8, 1953, by Public Law 285 (H. R. 6382), 69 Stat. 562, approved August 9, 1955, and by Public Law 85-604 (S. 3557), 72 Stat. 527, approved August 8, 1958.

AN ACT To provide for the settlement of certain claims of the Government of the United States on its own behalf and on behalf of American nationals against foreign governments.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Claims Settlement Act of 1949".

TITLE I[1]

SEC. 2. For the purposes of this Title—

(a) The term "person" shall include an individual, partnership, corporation, or the Government of the United States.

(b) The term "United States" when used in a geographical sense shall include the United States, its Territories and insular possessions, and the Canal Zone.

(c) The term "nationals of the United States" includes (1) persons who are citizens of the United States, and (2) persons who, though not citizens of the United States, owe permanent allegiance to the United States. It does not include aliens.

(d) The term "Yugoslav Claims Agreement of 1948" means the agreement between the Governments of the United States of America and of the Federal People's Republic of Yugoslavia regarding pecuniary claims of the United States and its nationals, signed July 19, 1948.

SEC. 3. (a) There is hereby established in the Department of State a commission to be known as the International Claims Commission of the United States[2] (hereinafter referred to as the "Commission") and to be composed of three persons, to be appointed by the President by and with the advice and consent of the Senate. One of such members shall be designated by the President as the Chairman of the Commission and each shall receive compensation at the rate of $15,000 per annum. Two members of the Commission shall constitute a quorum for the transaction of business. Any vacancy that may occur in the membership of the Commission shall be filled in the same manner as in the case of an original appointment: *Provided*, That in the event of the death, resignation, absence, or disability of a member, the President may designate an acting member from among persons in the judicial or in the executive branch of the Government (includ-

[1] 22 U. S. C. Chapter 21, Subchapter I. Designated "Title 1" by Public Law 285, approved August 9, 1955.

[2] The International Claims Commission was abolished and its functions were transferred to the Foreign Claims Settlement Commission of the United States by Reorganization Plan No. 1, 1954, effective July 1, 1954, 19 F. R. 3985, 68 Stat. 1279, printed on page 504.

ing employees of the Commission), who possess the qualifications prescribed by this subsection, to temporarily perform without additional compensation the duties of the member until a successor is appointed or the absence or disability of the member shall cease.

(b) The principal office of the Commission shall be in the District of Columbia. The Secretary of State, in accordance with the provisions of the civil-service laws and the Classification Act of 1923, as amended,[3] upon the recommendation of the Commission, may appoint and fix the compensation of an executive director, and of officers, attorneys, investigators, and other employees.

(c) The Commission may prescribe such rules and regulations as may be necessary to enable it to carry out its functions, and may delegate functions to any member, officer, or employee of the Commission. The President may fix a termination date for the authority of the Commission, and the terms of office of its members under this Title. Any member of the Commission may be removed by the Secretary of State,[4] upon notice and hearing, for neglect of duty, or malfeasance in office, but for no other cause. Not later than six months after its organization, and every six months thereafter, the Commission shall make a report, through the Secretary of State,[4] to the Congress concerning its operations under this Title. The Commission shall, upon completion of its work, certify in duplicate to the Secretary of State and to the Secretary of the Treasury the following: (1) A list of all claims disallowed; (2) a list of all claims allowed, in whole or in part, together with the amount of each claim and the amount awarded thereon; and (3) a copy of the decision rendered in each case. No members of such Commission shall be appointed after the effective date of this Title until such Commission is reorganized by further Act of Congress but acting members may be designated by the President as provided by this section, who shall receive no compensation from the funds appropriated by H. R. 6200 for defraying the expenses of such Commission.[5]

SEC. 4. (a) The Commission shall have jurisdiction to receive, examine, adjudicate, and render final decisions with respect to claims of the Government of the United States and of nationals of the United States included within the terms of the Yugoslav Claims Agreement of 1948, or included within the terms of any claims agreement hereafter concluded between the Government of the United States and a foreign government (exclusive of governments against which the United States declared the existence of a state of war during World War II) similarly providing for the settlement and discharge of claims of the Government of the United States and of nationals of the United States against a foreign government, arising out of the nationalization or other taking of property, by the agreement of the Government of the United States to accept from that government a sum in en bloc settlement thereof. In the decision of claims under this Title, the Commission shall apply the following in the following order: (1) The provisions of the applicable claims agreement as provided in

[3] The Classification Act of 1923, as amended, was repealed by the Classification Act of 1949 which was enacted after the introduction of H. R. 4406. No correction was made.

[4] The functions of the Secretary of State under these sentences were abolished and transferred to the Foreign Claims Settlement Commission by Reorganization Plan No. 1, 1954.

[5] H. R. 6200 is the Supplemental Appropriation Act, 1954, Act of Aug. 7, 1953, 67 Stat. 418.

this subsection; and (2) the applicable principles of international law, justice, and equity.

(b) The Commission shall give public notice of the time when, and the limit of time within which, claims may be filed, which notice shall be published in the Federal Register. In addition, the Commission is authorized and directed to mail a similar notice to the last-known address of each person appearing in the records of the Department of State as having indicated an intention of filing a claim with respect to a matter concerning which the Commission has jurisdiction under this Title. All decisions shall be upon such evidence and written legal contentions as may be presented within such period as may be prescribed therefor by the Commission, and upon the results of any independent investigation of cases which the Commission may deem it advisable to make. Each decision by the Commission pursuant to this Title shall be by majority vote, and shall state the reason for such decision, and shall constitute a full and final disposition of the case in which the decision is rendered.

(c) Any member of the Commission, or any employee of the Commission, designated in writing by the Chairman of the Commission, may administer oaths and examine witnesses. Any member of the Commission may require by subpena the attendance and testimony of witnesses, and the production of all necessary books, papers, documents, records, correspondence, and other evidence, from any place in the United States at any designated place of inquiry or of hearing. The Commission is authorized to contract for the reporting of inquiries or of hearings. Witnesses summoned before the Commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. In case of disobedience to a subpena, the aid of any district court of the United States, as constituted by chapter 5 of title 28, United States Code (28 U. S. C. 81 and the following), and the United States court of any Territory or other place subject to the jurisdiction of the United States may be invoked in requiring the attendance and testimony of witnesses and the production of such books, papers, documents, records, correspondence, and other evidence. Any such court within the jurisdiction of which the inquiry or hearing is carried on may, in case of contumacy or refusal to obey a subpena issued to any person, issue an order requiring such person to appear or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(d) The Commission may order testimony to be taken by deposition in any inquiry or hearing pending before it at any stage of such proceeding or hearing. Such depositions may be taken, under such regulations as the Commission may prescribe, before any person designated by the Commission and having power to administer oaths. Any person may be compelled to appear and depose, and to produce books, papers, documents, records, correspondence, and other evidence in the same way as witnesses may be compelled to appear and testify and produce documentary evidence before the Commission, as hereinabove provided. If a witness whose testimony may be desired to be taken by deposition be in a foreign country, the deposition may be taken, provided the laws of the foreign country so permit, by a consular officer, or by an officer or employee of the Commission, or other

person commissioned by the Commission, or under letters rogatory issued by the Commission. Witnesses whose depositions are taken as authorized in this subsection, and the persons taking the same, shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

(e) In addition to the penalties provided in title 18, United States Code, section 1001, any person guilty of any act, as provided therein, with respect to any matter under this Title, shall forfeit all rights under this Title, and, if payment shall have been made or granted, the Commission shall take such action as may be necessary to recover the same.

(f) In connection with any claim decided by the Commission pursuant to this Title in which an award is made, the Commission may, upon the written request of the claimant or any attorney heretofore or hereafter employed by such claimant, determine and apportion the just and reasonable attorney's fees for services rendered with respect to such claim, but the total amount of the fees so determined in any case shall not exceed 10 per centum of the total amount paid pursuant to the award. Written evidence that the claimant and any such attorney have agreed to the amount of the attorney's fees shall be conclusive upon the Commission: *Provided, however*, That the total amount of the fees so agreed upon does not exceed 10 per centum of the total amount paid pursuant to the award. Any fee so determined shall be entered as a part of such award, and payment thereof shall be made by the Secretary of the Treasury by deducting the amount thereof from the total amount paid pursuant to the award. Any agreement to the contrary shall be unlawful and void. The Commission is authorized and directed to mail to each claimant in proceedings before the Commission notice of the provisions of this subsection. Whoever, in the United States or elsewhere, pays or offers to pay, or promises to pay, or receives on account of services rendered or to be rendered in connection with any such claim, compensation which, when added to any amount previously paid on account of such services, will exceed the amount of fees so determined by the Commission, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than twelve months, or both, and if any such payment shall have been made or granted, the Commission shall take such action as may be necessary to recover the same, and, in addition thereto, any such person shall forfeit all rights under this title.

(g) The Attorney General shall assign such officers and employees of the Department of Justice as may be necessary to represent the United States as to any claims of the Government of the United States with respect to which the Commission has jurisdiction under this title. Any and all payments required to be made by the Secretary of the Treasury under this title pursuant to any award made by the Commission to the Government of the United States shall be covered into the Treasury to the credit of miscellaneous receipts.

(h) The Commission shall notify all claimants of the approval or denial of their claims, stating the reasons and grounds therefor, and, if approved, shall notify such claimants of the amount for which such claims are approved. Any claimant whose claim is denied, or

is approved for less than the full amount of such claim, shall be entitled, under such regulations as the Commission may prescribe, to a hearing before the Commission, or its duly authorized representatives, with respect to such claim. Upon such hearing, the Commission may affirm, modify, or revise its former action with respect to such claim, including a denial or reduction in the amount theretofore allowed with respect to such claim. The action of the Commission in allowing or denying any claim under this title shall be final and conclusive on all questions of law and fact and not subject to review by the Secretary of State or any other official, department, agency, or establishment of the United States or by any court by mandamus or otherwise.

(i) The Commission may in its discretion enter an award with respect to one or more items deemed to have been clearly established in an individual claim while deferring consideration and action on other items of the same claim.

(j) The Commission shall comply with the provisons of the Administrative Procedure Act of 1946 [6] except as otherwise specifically provided by this title.

SEC. 5. The Commission shall, as soon as possible, and in the order of the making of such awards, certify to the Secretary of the Treasury and to the Secretary of State copies of the awards made in favor of the Government of the United States or of nationals of the United States under this Title. The Commission shall certify to the Secretary of State, upon his request, copies of the formal submissions of claims filed pursuant to subsection (b) of section 4 of this Act for transmission to the foreign government concerned.

SEC. 6. The Commission shall complete its affairs in connection with settlement of United States-Yugoslav claims arising under the Yugoslav Claims Agreement of 1948 not later than December 31, 1954: [7] *Provided*, That nothing in this provision shall be construed to limit the life of the Commission, or its authority to act on future agreements which may be effected under the provisions of this legislation.

SEC. 7. (a) Subject to the limitations hereinafter provided, the Secretary of the Treasury is authorized and directed to pay, as prescribed by section 8 of this Title, an amount not exceeding the principal of each award, plus accrued interests on such awards as bear interest, certified pursuant to section 5 of this Title, in accordance with the award. Such payments, and applications for such payments, shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe.

(b) There shall be deducted from the amount of each payment made pursuant to subsection (c) of section 8, as reimbursement for the expenses incurred by the United States, an amount equal to 5 [8] per centum of such payment. All amounts so deducted shall be covered into the Treasury to the credit of miscellaneous receipts.

(c) Payments made pursuant to this Title shall be made only to the person or persons on behalf of whom the award is made, except that—

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[6] 5 U. S. C. § 1001.

[7] Public Law 242, approved August 8, 1953, substituted "December 31, 1954:" for "not later than four years following enactment of this Act:" (March 10, 1950).

[8] Public Law 242, approved August 8, 1953, substituted "5" for "3".

(1) if such person is deceased or is under a legal disability, payment shall be made to his legal representative: *Provided*, That if the total award is not over $500 and there is no qualified executor or administrator, payment may be made to the person or persons found by the Comptroller General of the United States to be entitled thereto, without the necessity of compliance with the requirements of law with respect to the administration of estates;

(2) in the case of a partnership or corporation, the existence of which has been terminated and on behalf of which an award is made, payment shall be made, except as provided in paragraphs (3) and (4), to the person or persons found by the Comptroller General of the United States to be entitled thereto;

(3) if a receiver or trustee for any such partnership or corporation has been duly appointed by a court of competent jurisdiction in the United States and has not been discharged prior to the date of payment, payment shall be made to such receiver or trustee in accordance with the order of the court;

(4) if a receiver or trustee for any such partnership or corporation, duly appointed by a court of competent jurisdiction in the United States, makes an assignment of the claim, or any part thereof, with respect to which an award is made, or makes an assignment of such award, or any part thereof, payment shall be made to the assignee, as his interest may appear; and

(5) in the case of any assignment of an award, or any part thereof, which is made in writing and duly acknowledged and filed, after such award is certified to the Secretary of the Treasury, payment may, in the discretion of the Secretary of the Treasury, be made to the assignee, as his interest may appear.

(d) Whenever the Secretary of the Treasury, or the Comptroller General of the United States, as the case may be, shall find that any person is entitled to any such payment, after such payment shall have been received by such person, it shall be an absolute bar to recovery by any other person against the United States, its officers, agents, or employees with respect to such payment.

(e) Any person who makes application for any such payment shall be held to have consented to all the provisions of this Title.

(f) Nothing in this Title shall be construed as the assumption of any liability by the United States for the payment or satisfaction, in whole or in part, of any claim on behalf of any national of the United States against any foreign government.

SEC. 8. (a) There are hereby created in the Treasury of the United States (1) a special fund to be known as the Yugoslav Claims Fund; and (2) such other special funds as may, in the discretion of the Secretary of the Treasury, be required, each to be a claims fund to be known by the name of the foreign government which has entered into a settlement agreement with the Government of the United States as described in subsection (a) of section 4 of this Title. There shall be covered into the Treasury to the credit of the proper special fund all funds hereinafter specified. All payments authorized under section 7 of this Title shall be disbursed from the proper fund, as the case may be, and all amounts covered into the Treasury to the credit of the

aforesaid funds are hereby permanently appropriated for the making of the payments authorized by section 7 of this Title.

(b) The Secretary of the Treasury is authorized and directed to cover into—

(1) the Yugoslav Claims Fund the sum of $17,000,000 being the amount paid by the Government of the Federal People's Republic of Yugoslavia pursuant to the Yugoslav Claims Agreement of 1948;

(2) a special fund created for that purpose pursuant to subsection (a) of this section any amounts hereafter paid, in United States dollars, by a foreign government which has entered into a claims settlement agreement with the Government of the United States as described in subsection (a) of section 4 of this Title.

(c) The Secretary of the Treasury is authorized and directed out of the sums covered into any of the funds pursuant to subsection (b) of this section, and after making the deduction provided for in section 7 (b) of this Title—

(1) to make payments in full of the principal of awards of $1,000 or less, certified pursuant to section 5 of this Title;

(2) to make payments of $1,000 on the principal of each award of more than $1,000 in principal amount, certified pursuant to section 5 of this Title;

(3) to make additional payment of not to exceed 25 per centum of the unpaid principal of awards in the principal amount of more than $1,000;

(4) after completing the payments prescribed by paragraphs (2) and (3) of this subsection, to make payments, from time to time in ratable proportions, on account of the unpaid principal of all awards in the principal amount of more than $1,000, according to the proportions which the unpaid principal of such awards bear to the total amount in the fund available for distribution at the time such payments are made; and

(5) after payment has been made of the principal amounts of all such awards, to make pro rata payments on account of accrued interest on such awards as bear interest.

(d) The Secretary of the Treasury, upon the concurrence of the Secretary of State, is authorized and directed, out of the sum covered into the Yugoslav Claims Fund pursuant to subsection (b) of this section, after completing the payments of such funds pursuant to subsection (c) of this section, to make payment of the balance of any sum remaining in such fund to the Government of the Federal People's Republic of Yugoslavia to the extent required under article 1 (c) of the Yugoslav Claims Agreement of 1948. The Secretary of State shall certify to the Secretary of the Treasury the total cost of adjudication, not borne by the claimants, attributable to the Yugoslav Claims Agreement of 1948. Such certification shall be final and conclusive and shall not be subject to review by any other official or department, agency, or establishment of the United States.

SEC. 9. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to enable the Commission to carry out its functions under this Title.

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TITLE II[9]

VESTING AND LIQUIDATION OF BULGARIAN, HUNGARIAN, AND RUMANIAN PROPERTY

SEC. 201. As used in this title the term—

(1) "Person" means a natural person, partnership, association, other unincorporated body, corporation, or body politic.

(2) "Property" means any property, right, or interest.

(3) "Treaty of peace," with respect to a country, means the treaty of peace with that country signed at Paris, France, February 10, 1947,[10] which came into force between that country and the United States on September 15, 1947.

SEC. 202. (a) In accordance with article 25 of the treaty of peace with Bulgaria, article 29 of the treaty of peace with Hungary, and article 27 of the treaty of peace with Rumania, any property which was blocked in accordance with Executive Order 8389 of April 10, 1940,[11] as amended, and remains blocked on the effective date of this title, and which, as of September 15, 1947, was owned directly or indirectly by Bulgaria, Hungary, and Rumania or by any national thereof as defined in such Executive order, shall vest in such officer or agency as the President may from time to time designate[12] and shall vest when, as, and upon such terms as the President or his designee shall direct. Such property shall be sold or otherwise liquidated as expeditiously as possible after vesting under such rules and regulations as the President or his designee may prescribe. The net proceeds remaining. upon completion of the administration and liquidation thereof, including the adjudication of any suits or claims with respect thereto under sections 207 and 208, shall be covered into the Treasury. Notwithstanding the preceding provisions of this subsection, any such property determined by the President or his designee to be owned directly by a natural person shall not be vested under this subsection but shall remain blocked subject to release when, as, and upon such terms as the President or his designee may prescribe. If, at any time within one year from the date of the vesting of any property under this subsection, the President or his designee shall determine that it was directly owned at the date of vesting by a natural person, then the President or his designee shall divest such property and restore it to its blocked status prior to vesting, subject to release when, as, and upon such terms as the President or his designee may prescribe, or if such property has been liquidated, shall divest the net proceeds thereof and carry them in blocked accounts with the Treasury, bearing no interest, in the name of the owner thereof at the date of vesting,

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[9] 22 U. S. C., chapter 21, subchapter II. Titles II and III were added by Public Law 285, approved August 9, 1955.

[10] 61 Stat., pt. 2.

[11] 5 F. R. 1400; 3 C. F. R. Cum. Supp.

[12] Executive Order No. 10644, November 8, 1955, 20 F. R. 8363 provided:

"SECTION 1. The Attorney General, and, as designated by the Attorney General for this purpose, any Assistant Attorney General are hereby designated and empowered to perform the functions conferred by the said Title II of the International Claims Settlement Act of 1949 [this subchapter] upon the President, and the functions conferred by that title upon any designee of the President.

"SEC. 2. The Attorney General is hereby designated as the officer in whom property shall vest under the said Title II [this subchapter].

"SEC. 3. As used in this order, the term 'functions' includes duties, powers, responsibilities, authority and discretion, and the term 'perform' may be construed to include 'exercise'."

subject to release when, as, and upon such terms as the President or his designee may prescribe.

(b) The net proceeds of any property which was vested in the Alien Property Custodian or the Attorney General after December 17, 1941, pursuant to the Trading With the Enemy Act, as amended,[13] and which at the date of vesting was owned directly or indirectly by Bulgaria, Hungary, or Rumania, or any national thereof, shall after completion of the administration, liquidation, and disposition of such property pursuant to such Act, including the adjudication of any suits or claims with respect thereto under such Act, be covered into the Treasury, except that the net proceeds of any such property which the President or his designee shall determine was directly owned by a natural person at the date of vesting shall be divested by the President or such officer or agency as he may designate and carried in blocked accounts with the Treasury, bearing no interest, in the name of the owner therof at the date of vesting, subject to release when, as, and upon such terms as the President or his designee may prescribe.

(c) The determination under this section that any vested property was not directly owned by a natural person at the date of vesting shall be within the sole discretion of the President or his designee and shall not be subject to review by any court.

(d) The President or his designee may require any person to furnish, in the form of reports or otherwise, complete information, including information with regard to past transactions, relative to any property blocked under Executive Order 8389 of April 10, 1940, as amended,[14] or as may be otherwise necessary to enforce the provisions of this section; and the President or his designee may require of any person the production of any books of account, records, contracts, letters, memoranda, or other papers relative to such property or as may be otherwise necessary to enforce the provisions of this section.

SEC. 203. Whenever shares of stock or other beneficial interest in any corporation, association, or company or trust are vested in any officer or agency designated by the President under this title, it shall be the duty of the corporation, association, or company or trustee or trustees issuing such shares or any certificates or other instruments representing the same or any other beneficial interest to cancel such shares of stock or other beneficial interest upon its, his, or their books and in lieu thereof to issue certificates or other instruments for such shares or other beneficial interest to the designee of the President, or otherwise as such designee shall require.

SEC. 204. Any vesting order, or other order or requirement issued pursuant to this title, or a duly certified copy thereof, may be filed, registered, or recorded in any office for the filing, registering, or recording of conveyances, transfers, or assignments of such property as may be covered by such order or requirement; and if so filed, registered, or recorded shall impart the same notice and have the same force and effect as a duly executed conveyance, transfer, or assignment so filed, registered, or recorded.

SEC. 205. Any payment, conveyance, transfer, assignment, or delivery of property made to the President or his designee pursuant to this title, or any rule, regulation, instruction, or direction issued under this title, shall to the extent thereof be a full acquittance and discharge

[13] 40 Stat. 411; 50 U. S. C. App. 1.
[14] 5 F. R. 1400; 3 C. F. R., Cum. Supp.

for all purposes of the obligation of the person making the same; and no person shall be held liable in any court for or in respect of any such payment, conveyance, transfer, assignment, or delivery made in good faith in pursuance of and in reliance on the provisions of this title, or of any rule, regulation, instruction, or direction issued thereunder.

SEC. 206. The district courts of the United States are given jurisdiction to make and enter all such rules as to notice and otherwise, and all such orders and decrees, and to issue such process as may be necessary and proper in the premises to enforce the provisions of this title, with a right of appeal from the final order or decree of such court as provided in sections 1252, 1254, 1291, and 1292 of title 28, United States Code.

SEC. 207. (a) Any person who has not filed a notice of claim under subsection (b) of this section may institute a suit in equity for the return of any property, or the net proceeds thereof, vested in a designee of the President pursuant to section 202 (a) and held by such designee. Such suit, to which said designee shall be made a party defendant, shall be instituted in the District Court of the United States for the District of Columbia or in the district court of the United States for the district in which the claimant resides, or, if a corporation, where it has its principal place of business, by the filing of a complaint which alleges—

(1) that the claimant is a person other than Bulgaria, Hungary, or Rumania, or a national thereof as defined in Executive Order 8389 of April 10, 1940, as amended; [15] and

(2) that the claimant was the owner of such property immediately prior to its vesting, or is the successor in interest of such owner by inheritance, devise, or bequest.

If the court finds in favor of the claimant, it shall order the payment, conveyance, transfer, assignment, or delivery to said claimant of such property, or the net proceeds thereof, held by said designee or the portion thereof to which the court shall determine said claimant is entitled. If suit shall be so instituted, then such property, or, if liquidated, the net proceeds thereof, shall be retained in the custody of said designee until any final judgment or decree which shall be entered in favor of the claimant shall be fully satisfied, or until final judgment or decree shall be entered against the claimant or suit otherwise terminated.

(b) Any person who has not instituted a suit under the provisions of subsection (a) of this section may file a notice of claim under oath for the return of any property, or the net proceeds thereof, vested in a designee of the President pursuant to section 202 (a) and held by such designee. Such notice of claim shall be filed with said designee and in such form and containing such particulars as said designee shall require. Said designee may return any property so claimed, or the net proceeds thereof, whenever he shall determine—

(1) that the claimant is a person other than Bulgaria, Hungary, or Rumania, or a national thereof as defined in Executive Order 8389 of April 10, 1940, as amended; and

(2) that the claimant was the owner of such property immediately prior to its vesting, or is the successor in interest of such owner by inheritance, devise, or bequest.

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[15] 5 F. R. 1400; 3 C. F. R., Cum. Supp.

Any person whose claim is finally denied in whole or in part by said designee may obtain review of such denial by filing a petition therefor in the United States Court of Appeals for the District of Columbia Circuit. Such petition for review must be filed within sixty days after the date of mailing of the final order of denial by said designee and a copy shall forthwith be transmitted to the said designee by the clerk of the court. Within forty-five days after receipt of such petition for review, or within such further time as the court may grant for good cause shown, said designee shall file an answer thereto, and shall file with the court the record of the proceedings with respect to such claim as provided in section 2112 of title 28, United States Code.[15a] The court may enter judgment affirming the order of the designee; or, upon finding that such order is not in accordance with law or that any material findings upon which such order is based are unsupported by substantial evidence, may enter judgment modifying or setting aside the order in whole or in part, and (1) directing a return of all or part of the property claimed, or (2) remanding the claim for further administrative proceedings thereon. If a notice of claim is filed under this subsection, the property which is the subject of such claim, or, if liquidated, the net proceeds thereof, shall be retained in the custody of said designee until any final order of said designee or any final judgment or decree which shall be entered in favor of the claimant shall be fully satisfied, or until a final order of said designee or a final judgment or decree shall be entered against the claimant, or the claim or suit otherwise terminated.

(c) The sole relief and remedy of any person having any claim to any property vested pursuant to section 202 (a) shall be that provided by the terms of subsection (a) or (b) of this section, and in the event of the liquidation by sale or otherwise of such property, shall be limited to and enforced against the net proceeds received therefrom and held by the designee of the President. The claim of any person based on his ownership of shares of stock or other proprietary interest in a corporation which was the owner of property at the date of vesting thereof under section 202 (a) shall be allowable under subsection (a) or (b) of this section if 25 per centum or more of the outstanding capital stock or other proprietary interest in the corporation was owned at such date by nationals of countries other than Bulgaria, Hungary, Rumania, Germany, or Japan. But no such claim of a national of a foreign country shall be satisfied except after certification by the Department of State that the country of the national accords protection to nationals of the United States in similar types of cases.

(d) The designee of the President may retain or recover from any property, or the net proceeds thereof, returned pursuant to subsection (a) or (b) of this section an amount not exceeding that expended or incurred by him for the conservation, preservation, or maintenance of such property or proceeds.

SEC. 208. (a) Any property vested in the designee of the President pursuant to section 202 (a), or the net proceeds thereof, shall be equi-

[15a] The two foregoing sentences were revised by Public Law 85–791 (72 Stat. 951), approved August 28, 1958. They formerly read as follows: "Such petition for review must be filed within sixty days after the date of mailing of the final order of denial by said designee and a copy must be served on the said designee. Within forty-five days after service of such petition for review, or within such further time as the court may grant for good cause shown, said designee shall file an answer thereto, and shall certify and file with the court a transcript of the entire record of the proceedings with respect to such claim."

tably applied by such designee in accordance with this section to the payment of debts owed by the person who owned such property immediately prior to its vesting in such designee. No debt claim shall be allowed under this section—

(1) if it is asserted against Bulgaria, Hungary, or Rumania (including the government or any political subdivisions, agencies, or instrumentalities thereof); or

(2) if it is based upon an obligation expressed or payable in any currency other than the currency of the United States; or

(3) if it was not due and owing—

(A) on October 9, 1940, in the event the property in respect of which such debt claim is filed was owned immediately prior to vesting by a national of Rumania;

(B) on March 4, 1941, in the event the property in respect of which such debt claim is filed was owned immediately prior to vesting by a national of Bulgaria; or

(C) on March 13, 1941, in the event that the property in respect of which such debt claim is filed was owned immediately prior to vesting by a national of Hungary.

Any defense to the payment of such claim which would have been available to the debtor shall be available to the designee, except that the period from and after December 7, 1941, shall not be included for the purpose of determining the applicability of any statute of limitations. Debt claims allowable under this section shall include only those of natural persons who were citizens of the United States at the dates their debtors became obligated to them; those of other natural persons who are and have been continuously since December 7, 1941, residents of the United States; those of corporations organized under the laws of the United States or any State, Territory, or possession thereof, or the District of Columbia; and those acquired by the designee of the President under this title. Successors in interest by inheritance, devise, bequest, or operation of law of debt claimants, other than persons who would themselves be disqualified hereunder from allowance of a debt claim, shall be eligible for payment to the same extent as their principals or predecessors would have been.

(b) The designee of the President under this title shall fix a date or dates after which the filing of debt claims in respect of any or all debtors shall be barred, and may extend the time so fixed, and shall give at least sixty days' notice thereof by publication in the Federal Register. In no event shall the time extend beyond the expiration of one year from the date of the last vesting in the designee of the President of any property of a debtor in respect to whose debts the date is fixed. No debt shall be paid prior to the expiration of one hundred and twenty days after publication of the first such notice in respect of the debtor, nor in any event shall any payment of a debt claim be made out of any property or proceeds in respect of which a suit or proceeding for return pursuant to this title is pending.

(c) The designee shall examine the claims, and such evidence in respect thereof as may be presented to him or as he may introduce into the record, and shall make a determination, with respect to each claim, of allowance or disallowance, in whole or in part. The determination of the designee that a claim is within either paragraph (1) or (2) of subsection (a) of this section shall be final and shall

not be subject to judicial review, and such claim shall not be considered a debt claim for any purpose under this section.

(d) Payment of debt claims shall be made only out of such money included in, or received as net proceeds from the sale, use, or other disposition of, any property owned by the debtor immediately prior to its vesting in the designee of the President, as shall remain after deduction of (1) the amount of the expenses of the designee (including both expenses in connection with such property or proceeds thereof, and such portion as the designee shall fix of his other expenses), and of taxes, as defined in section 212, paid by the designee in respect of such property or proceeds; and (2) such amount, if any, as the designee may establish as a cash reserve for the future payment of such expenses and taxes. If the money available hereunder for the payment of debt claims against the debtor is insufficient for the satisfaction of all claims allowed by the designee, ratable payments shall be made in accordance with subsection (g) of this section to the extent permitted by the money available and additional payments shall be made whenever the designee shall determine that substantial further money has become available, through liquidation of any such property or otherwise. The designee shall not be required, through any judgment of any court, levy of execution, or otherwise, to sell or liquidate any property vested in him, for the purpose of paying or satisfying any debt claim.

(e) If the aggregate of debt claims filed as prescribed does not exceed the money from which, in accordance with subsection (d) of this section, payment may be made, the designee shall pay each claim to the extent allowed, and shall serve by registered mail, on each claimant whose claim is disallowed in whole or in part, a notice of such disallowance. Within sixty days after the date of mailing of the designee's determination, any debt claimant whose claim has been disallowed in whole or in part may file in the District Court of the United States for the District of Columbia a complaint for review of such disallowance naming the designee as defendant. Such complaint shall be served on the designee. The designee, within forty-five days after service on him, shall certify and file in said court a transcript of the record of proceedings with respect to the claim in question. Upon good cause shown such time may be extended by the court. Such record shall include the claim as filed, such evidence with respect thereto as may have been presented to the designee or introduced into the record by him, and the determination of the designee with respect thereto, including any findings made by him. The court may, in its discretion, take additional evidence, upon a showing that such evidence was offered to and excluded by the designee, or could not reasonably have been adduced before him or was not available to him. The court shall enter judgment affirming, modifying, or reversing the designee's determination, and directing payment in the amount, if any, which it finds due.

(f) If the aggregate of debt claims filed as prescribed exceeds the money from which, in accordance with subsection (d) of this section, payment may be made, the designee shall prepare and serve by registered mail on all claimants a schedule of all debt claims allowed and the proposed payment to each claimant. In preparing such schedule, the designee shall assign priorities in accordance with sub-

section (g) of this section. Within sixty days after the date of mailing of such schedule, any claimant considering himself aggrieved may file in the District Court of the United States for the District of Columbia a complaint for review of such schedule, naming the designee as defendant. A copy of such complaint shall be served upon the designee and on each claimant named in the schedule. The designee, within forty-five days after service on him, shall certify and file in said court a transcript of the record of proceedings with respect to such schedule. Upon good cause shown such time may be extended by the court. Such record shall include the claims in question as filed, such evidence with respect thereto as may have been presented to the designee or introduced into the record by him, any findings or other determinations made by the designee with respect thereto, and the schedule prepared by the designee. The court may, in its discretion, take additional evidence, upon a showing that such evidence was offered to and excluded by the designee or could not reasonably have been adduced before him or was not available to him. Any interested debt claimant who has filed a claim with the designee pursuant to this section, upon timely application to the court, shall be permitted to intervene in such review proceedings. The court shall enter judgment affirming or modifying the schedule as prepared by the designee and directing payment, if any be found due, pursuant to the schedule as affirmed or modified and to the extent of the money from which, in accordance with subsection (d) of this section, payment may be made. Pending the decision of the court on such complaint for review, and pending final determination of any appeal from such decision, payment may be made only to an extent, if any, consistent with the contentions of all claimants for review.

(g) Debt claims shall be paid in the following order of priority: (1) Wage and salary claims, not to exceed $600; (2) claims entitled to priority under sections 3466 and 3468 of the Revised Statutes (31 U. S. C., secs. 191 and 193), except as provided in subsection (h) of this section; (3) all other claims for services rendered; for expenses incurred in connection with such services, for rent, for goods and materials delivered to the debtor, and for payments made to the debtor for goods or services not received by the claimant; (4) all other debt claims. No payment shall be made to claimants within a subordinate class unless the money from which, in accordance with subsection (d) of this section, payment may be made, permits payment in full of all allowed claims in every prior class.

(h) No debt of any kind shall be entitled to priority under any law of the United States or any State, Territory, or possession thereof, or the District of Columbia, solely by reason of becoming a debt due or owing to the United States as a result of its acquisition by the designee of the President under this title.

(i) The sole relief and remedy available to any person seeking satisfaction of a debt claim out of any property vested in the designee under section 202 (a), or the proceeds thereof, shall be the relief and remedy provided in this section, and suits for the satisfaction of debt claims shall not be instituted, prosecuted, or further maintained except in conformity with this section. No person asserting any interest, right, or title in any property or proceeds acquired by the designee shall be barred from proceeding pursuant to this title for the return

thereof, by reason of any proceeding which he may have brought pursuant to this section; nor shall any security interest asserted by the creditor in any such property or proceeds be deemed to have been waived solely by reason of such proceeding. Nothing contained in this section shall bar any person from the prosecution of any suit at law or in equity against the original debtor or against any other person who may be liable for the payment of any debt for which a claim might have been filed hereunder. No purchaser, lessee, licensee, or other transferee of any property from the designee shall, solely by reason of such purchase, lease, license, or transfer, become liable for the payment of any debt owed by the person who owned such property prior to its vesting in the designee. Payment by the designee to any debt claimant shall constitute, to the extent of payment, a discharge of the indebtedness represented by the claim.

SEC. 209. The officer or agency designated by the President under this title to entertain claims under section 207 (b) and section 208 shall have power to hold such hearings as may be deemed necessary; to prescribe rules and regulations governing the form and contents of claims, the proof thereof, and all other matters related to proceedings on such claims; and in connection with such proceedings to issue subpenas, administer oaths, and examine witnesses. Such powers, and any other powers conferred upon such officer or agency by section 207 (b) and section 208, may be exercised through subordinate officers designated by such officer or agency.

SEC. 210. No suit may be instituted pursuant to section 207 (a) after the expiration of one year from the date of vesting of the property in respect of which relief is sought. No return may be made pursuant to section 207 (b) unless notice of claim has been filed within one year from the date of vesting of the property in respect of which the claim is filed.

SEC. 211. No property or proceeds shall be returned under this title, nor shall any payment be made or judgment awarded in respect of any property vested in any officer or agency designated by the President under this title unless satisfactory evidence is furnished to said designee, or the court, as the case may be, that the aggregate of the fees to be paid to all agents, attorneys at law or in fact, or representatives, for services rendered in connection with such return or payment or judgment does not exceed 10 per centum of the value of such property or proceeds or of such payment. Any agent, attorney at law or in fact, or representative, believing that the aggregate of the fees should be in excess of such 10 per centum may, in the case of any return of, or the making of any payment in respect of, such property or proceeds by the President or such officer or agency as he may designate, petition the district court of the United States for the district in which he resides for an order authorizing fees in excess of 10 per centum and shall name such officer or agency as respondent. The court hearing such petition or a court awarding any judgment in respect of any such property or proceeds, as the case may be, shall approve an aggregate of fees in excess of 10 per centum of the value of such property or proceeds only upon a finding that there exist special circumstances of unusual hardship which require the payment of such excess. Any person accepting any fee in excess of an amount approved under this section, or retaining for

more than thirty days any portion of a fee, accepted prior to such approval, in excess of the fee as approved, shall be guilty of a violation of this title.

SEC. 212. (a) The vesting in any officer or agency designated by the President under this title of any property or the receipt by such designee of any earnings, increment, or proceeds thereof shall not render inapplicable any Federal, State, Territorial, or local tax for any period before or after such vesting.

(b) The officer or agency designated by the President under this title shall, notwithstanding the filing of any claim or the institution of any suit under this title, pay any tax incident to any such property, or the earnings, increment, or proceeds thereof, at the earliest time appearing to him to be not contrary to the interest of the United States. The former owner shall not be liable for any such tax accruing while such property, earnings, increment, or proceeds are held by such designee, unless they are returned pursuant to this title without payment of such tax by the designee. Every such tax shall be paid by the designee to the same extent, as nearly as may be deemed practicable, as though the property had not been vested, and shall be paid only out of the property, or earnings, increment, or proceeds thereof, to which they are incident or out of other property acquired from the same former owner, or earnings, increment, or proceeds thereof. No tax liability may be enforced from any property or the earnings, increment, or proceeds thereof while held by the designee except with his consent. Where any property is transferred, otherwise than pursuant to section 207 (a) or 207 (b) hereof, the designee may transfer the property free and clear of any tax, except to the extent of any lien for a tax existing and perfected at the date of vesting, and the proceeds of such transfer shall, for tax purposes, replace the property in the hands of the designee.

(c) Subject to the provisions of subsection (b) of this section, the manner of computing any Federal taxes, including without limitation by reason of this enumeration, the applicability in such computation of credits, deductions, and exemptions to which the former owner is or would be entitled, and the time and manner of any payment of such taxes and the extent of any compliance by the designee with provisions of Federal law and regulations applicable with respect to Federal taxes, shall be in accordance with regulations prescribed by the Secretary of the Treasury to effectuate this section. Statutes of limitations on assessments, collection, refund, or credit of Federal taxes shall be suspended with respect to any vested property or the earnings, increment, or proceeds thereof, while vested and for six months thereafter; but no interest shall be paid upon any refund with respect to any period during which the statute of limitations is so suspended.

(d) The word "tax" as used in this section shall include, without limitation by reason of this enumeration, any property, income, excess-profits, war-profits, excise, estate, and employment tax, import duty, and special assessment; and also any interest, penalty, additional amount, or addition thereto not arising from any act, omission, neglect, failure, or delay on the part of the designee.

SEC. 213. Prior to covering the net proceeds of liquidation of any property into the Treasury pursuant to section 202 (a), the designee of the President under this title shall determine—

(1) the amount of his administrative expenses attributable to the performance of his functions under this title with respect to such property and the proceeds thereof. The amount so determined, together with an amount not exceeding that expended or incurred for the conservation, preservation, or maintenance of such proprety and the proceeds thereof, and for taxes in respect of same, shall be deducted and retained by the designee from the proceeds otherwise covered into the Treasury; and

(2) that the time for the institution of a suit under section 207 (a), for the filing of a notice of claim under section 207 (b), and for the filing of debt claims under section 208 has elapsed.

The determinations of the designee under this section shall be final and conclusive.

SEC. 214. No property conveyed, transferred, assigned, delivered, or paid to the designee of the President under this title, or the net proceeds thereof, shall be liable to lien, attachment, garnishment, trustee process, or execution, or subject to any order or decree of any court, except as provided in this title.

SEC. 215. Whoever shall willfully violate any violation of this title or any rule or regulation issued hereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President or of a designee of the President under this title, issued in compliance with the provisions of this title shall be fined not more than $5,000, or, if a natural person, imprisoned for not more than five years, or both; and the officer, director, or agent of any corporation who knowingly participates in such violation shall be punished by a like fine, imprisonment, or both.

TITLE III [16]

CLAIMS AGAINST BULGARIA, HUNGARY, RUMANIA, ITALY, AND THE SOVIET UNION

SEC. 301. As used in this title the term—

(1) "Person" means a natural person, partnership, association, other unincorporated body, corporation, or body politic.

(2) "National of the United States" means (A) a natural person who is a citizen of the United States, or who owes permanent allegiance to the United States, and (B) a corporation or other legal entity which is organized under the laws of the United States, any State or Territory thereof, or the District of Columbia, if natural persons who are nationals of the United States own, directly or indirectly, more than 50 per centum of the outstanding capital stock or other beneficial interest in such legal entity. It does not include aliens.

(3) "Treaty of peace", with respect to a country, means the treaty of peace with that country signed at Paris, France, February 10, 1947,[17] which came into force between that country and the United States on September 15, 1947.

(4) "Memorandum of Understanding" means the Memorandum of Understanding between the United States and Italy regarding Italian assets in the United States and certain claims of nationals of the

[16] 22 U. S. C., chapter 21, subchapter III.
[17] 61 Stat., pt. 2.

United States, signed at Washington, District of Columbia, August 14, 1947 (61 Stat. 3962).

(5) "Soviet Government" means the Union of Soviet Socialist Republics, including any of its present or former constituent republics, other political subdivisions, and any territories thereof, as constituted on or prior to November 16, 1933.

(6) "Litvinov Assignment" means (A) the communication dated November 16, 1933, from Maxim Litvinov to President Franklin D. Roosevelt, wherein the Soviet Government assigned to the Government of the United States amounts admitted or found to be due it as the successor of prior governments of Russia, or otherwise, preparatory to a final settlement of the claims outstanding between the two Governments and the claims of their nationals; (B) the communication dated November 16, 1933, from President Franklin D. Roosevelt to Maxim Litvinov, accepting such assignment; and (C) the assignments executed by Serge Ughet on August 25, 1933, and November 15, 1933, assigning certain assets to the Government of the United States.

(7) "Russian national" includes any corporation or business association organized under the laws, decrees, ordinances, or acts of the former Empire of Russia or of any government successor thereto, and subsequently nationalized or dissolved or whose assets were taken over by the Soviet Government or which was merged with any other corporation or organization by the Soviet Government.

(8) "Commission" means the Foreign Claims Settlement Commission of the United States, established pursuant to Reorganization Plan Numbered 1 of 1954 (68 Stat. 1279).[18]

(9) "Property" means any property, right, or interest.

SEC. 302. There are hereby created in the Treasury of the United States five funds to be known as the Bulgarian Claims Fund, the Hungarian Claims Fund, the Rumanian Claims Fund, the Italian Claims Fund, and the Soviet Claims Fund. The Secretary of the Treasury shall cover into each of the Hungarian, Rumanian, and Bulgarian Claims Funds, the funds attributable to the respective country or its nationals covered into the Treasury pursuant to subsections (a) and (b) of section 202 of this Act. The Secretary of the Treasury shall cover into the Italian Claims Fund the sum of $5,000,000 paid to the United States by the Government of Italy pursuant to article II of the Memorandum of Understanding.[19] The Secretary shall cover into the Treasury the funds collected by the United States pursuant to the Litvinov Assignment (including postal funds due prior to November 16, 1933, to the Union of Soviet Socialist Republics because of money orders certified to that country for payment) and shall cover into the Soviet Claims Fund the funds so covered into the Treasury. The Secretary shall deduct from each claims fund 5 per centum thereof as reimbursement to the Government of the United States for the expenses incurred by the Commission and by the Treasury Department in the administration of this title. Such deduction shall be made before any payment is made out of such fund under section 310. All amounts so deducted shall be covered into the Treasury to the credit of miscellaneous receipts.

[18] 22 U. S. C., 1621.
[19] 61 Stat. 3962.

SEC. 303. The Commission shall receive and determine in accordance with applicable substantive law, including international law, the validity and amounts of claims of nationals of the United States against the Governments of Bulgaria, Hungary, and Rumania, or any of them, arising out of the failure to—

(1) restore or pay compensation for property of nationals of the United States as required by article 23 of the treaty of peace with Bulgaria, articles 26 and 27 of the treaty of peace with Hungary, and articles 24 and 25 of the treaty of peace with Rumania.[20] Awards under this paragraph shall be in amounts not to exceed two-thirds of the loss or damage actually sustained;

(2) pay effective compensation for the nationalization, compulsory liquidation, or other taking, prior to the effective date of this title, of property of nationals of the United States in Bulgaria, Hungary, and Rumania; and

(3) meet obligations expressed in currency of the United States arising out of contractual or other rights acquired by nationals of the United States prior to April 24, 1941, in the case of Bulgaria, and prior to September 1, 1939, in the case of Hungary and Rumania, and which became payable prior to September 15, 1947.

SEC. 304. The Commission shall receive and determine, in accordance with the Memorandum of Understanding[21] and applicable substantive law, including international law, the validity and amount of claims of nationals of the United States against the government of Italy arising out of the war in which Italy was engaged from June 10, 1940, to September 15, 1947, and with respect to which provision was not made in the treaty of peace with Italy. Upon payment of the principal amounts (without interest) of all awards from the Italian Claims Fund created pursuant to section 302 of this Act, the Commission shall determine the validity and amount of any claim under this section by any natural person who was a citizen of the United States on the date of enactment of this title and shall, in the event an award is issued pursuant to such claim, certify the same to the Secretary of the Treasury for payment out of remaining balances in the Italian Claims Fund in accordance with the provisions of section 310 of this Act, notwithstanding that the period of time prescribed in section 316 of this Act for the settlement of all claims under this section may have expired.[22]

SEC. 305. (a) The Commission shall receive and determine in accordance with applicable substantive law, including international law, the validity and amounts of—

(1) claims of nationals of the United States against a Russian national originally accruing in favor of a national of the United States with respect to which a judgment was entered in, or a warrant of attachment issued from, any court of the United States or of a State of the United States in favor of a national of the United States, with which judgment or warrant of attachment a lien was obtained by a national of the United States, prior to November 16, 1933, upon any property in the United States which has been taken, collected, recovered, or liquidated

[20] 61 Stat., pt. 2.
[21] 61 Stat. 3962.
[22] The last sentence in this section was added by Public Law 85-604, 85th Congress.

by the Government of the United States pursuant to the Litvinov Assignment. Awards under this paragraph shall not exceed the proceeds of such property as may have been subject to the lien of the judgment or attachment; nor, in the event that such proceeds are less than the aggregate amount of all valid claims so related to the same property, exceed an amount equal to the proportion which each such claim bears to the total amount of such proceeds; and

(2) claims, arising prior to November 16, 1933, of nationals of the United States against the Soviet Government.

(b) Any judgment entered in any court of the United States or of a State of the United States shall be binding upon the Commission in its determination, under paragraph (1) of subsection (a) of this section, of any issue which was determined by the court in which the judgment was entered.

(c) The Commission shall give preference to the disposition of the claims referred to in paragraph (1) of subsection (a) of this section, over all other claims presented to it under this title.

SEC. 306. Within sixty days after the date of enactment of this title, or within sixty days after the date of enactment of legislation making appropriations to the Commission for payment of administrative expenses incurred in carrying out its functions under this title, whichever date is later, the Commission shall publish in the Federal Register the time when and the limit of time within which claims may be filed under this title, which limit shall not be more than one year after such publication, except that with respect to claims under section 305 this limit shall not exceed six months.

SEC. 307. The amount of any award made pursuant to this title based on a claim of a national of the United States other than the national of the United States to whom the claim originally accrued shall not exceed the amount of the actual consideration last paid therefor either prior to January 1, 1953, or between that date and the filing of the claim, whichever is less.

SEC. 308. The Commission shall as soon as possible, and in the order of the making of such awards, certify to the Secretary of the Treasury, in terms of United States currency, each award made pursuant to this title.

SEC. 309. All payments authorized under this title shall be disbursed exclusively from the claims fund attributable to the country with respect to which the claims are allowed pursuant to this title. All amounts covered into the Treasury to the credit of the claims funds created by section 302 are hereby permanently appropriated for the making of the payments authorized under this title.

SEC. 310. (a) The Secretary of the Treasury shall make payments on account of awards certified by the Commission pursuant to this title as follows:

(1) Payment in full of the principal amount of each award made pursuant to section 305 (a) (1) and each award of $1,000 or less made pursuant to section 303 or 304;

(2) Payment in full of the principal amount of each award of $1,000 or less made pursuant to section 305 (a) (2);

(3) Payment in the amount of $1,000 on account of the principal of each award of more than $1,000 in amount made pursuant to section 303, 304, or 305 (a) (2);

(4) After completing the payments under the preceding paragraphs of this subsection from any one fund, payments from time to time, in ratable proportions, on account of the then unpaid principal of all awards in the principal amount of more than $1,000, according to the proportions which the unpaid principal of such awards bear to the total amount in the fund available for distribution on account of such awards at the time such payments are made;

(5) After payment has been made in full of the principal amounts of all awards from any one fund, pro rata payments from the remainder of such fund then available for distribution on account of accrued interest on such awards as bear interest.

(b) Such payments, and applications for such payments, shall be made in accordance with such regulations as the Secretary of the Treasury shall prescribe.

(c) For the purposes of making any such payments, an "award" shall be deemed to mean the aggregate of all awards certified in favor of the same claimant and payable from the same fund.

(d) With respect to any claim which, at the time of the award, is vested in persons other than the person to whom the claim originally accrued, the Commission may issue a consolidated award in favor of all claimants then entitled thereto, which award shall indicate the respective interests of such claimants therein; and all such claimants shall participate, in proportion to their indicated interests, in the payments provided by this section in all respects as if the award had been in favor of a single person.

SEC. 311. (a) If a corporation or other legal entity has a claim on which an award may be made under this title, no award may be made to any other person under this title with respect to such claim.

(b) A claim based upon an interest, direct or indirect, in a corporation or other legal entity which directly suffered the loss with respect to which the claim is asserted, but which was not a national of the United States at the time of the loss, shall be acted upon without regard to the nationality of such legal entity if at the time of the loss at least 25 per centum of the outstanding capital stock or other beneficial interest in such entity was owned, directly or indirectly, by natural persons who were nationals of the United States. This subsection shall not be construed so as to exclude from eligibility a claim based upon a direct ownership interest in a corporation, association, or other entity, or the property thereof, for loss by reason of the nationalization, compulsory liquidation, or other taking of such corporation, association, or other entity by the Governments of Bulgaria, Hungary, Italy, Rumania, or the Soviet Government. Any such claim may be allowed without regard to the per centum of ownership vested in the claimant.[23]

SEC. 312. No award shall be made under this title to or for the benefit of any person who voluntarily, knowingly, and without duress, gave aid to or collaborated with or in any manner served any government hostile to the United States during World War II, or who has been convicted of a violation of any provision of chapter 115, of

[23] The last sentence in sec. 311 (b) was added by Public Law 85-604, 85th Congress. Section 3 (b) of Public Law 85-604 also provided that "Any claim heretofore denied under subsection (b) of section 311 of the International Claims Settlement Act of 1949, as amended, prior to the date of enactment of this section, shall be reconsidered by the Foreign Claims Settlement Commission solely to redetermine its validity and amount by reason of the amendments made by this section."

title 18, of the United States Code,[24] or of any other crime involving disloyalty to the United States.

SEC. 313. Payment of any award made pursuant to section 303 or 305 shall not, unless such payment is for the full amount of the claim, as determined by the Commission to be valid, with respect to which the award is made, extinguish such claim, or be construed to have divested any claimant, or the United States on his behalf, of any rights against the appropriate foreign government or national for the unpaid balance of his claim or for restitution of his property. All awards or payments made pursuant to this title shall be without prejudice to the claims of the United States against any foreign government.

SEC. 314. The action of the Commission in allowing or denying any claim under this title shall be final and conclusive on all questions of law and fact and not subject to review by any other official of the United States or by any court by mandamus or otherwise, and the Comptroller General shall allow credit in the accounts of any certifying or disbursing officer for payments in accordance with such action.

SEC. 315. There are hereby authorized to be appropriated such sums as may be necessary to enable the Commission and the Treasury Department to pay their administrative expenses incurred in carrying out their functions under this title.

SEC. 316. The Commission shall complete its affairs in connection with the settlement of claims pursuant to section 305 (a) (1) not later than two years, and all other claims pursuant to this title not later than four years, following the date of enactment of this title, or following the date of enactment of legislation making appropriations to the Commission for the payment of administrative expenses incurred in carrying out its functions under this title, whichever date is later.

SEC. 317. (a) The total remuneration paid to all agents, attorneys-at-law or in fact, or representatives, for services rendered on behalf of any claimant in connection with any claim filed with the Commission shall not exceed 10 per centum of the total amount paid under this title on account of such claim, or such greater amount as may be determined pursuant to subsection (b) of this section. Any agreement to the contrary shall be unlawful and void. Whoever, in the United States or elsewhere, demands or receives, on account of services so rendered, any remuneration which, together with all remuneration paid to other persons on account of such services and of which he has notice, is in excess of the maximum permitted by this section, shall be fined not more than $5,000 or imprisoned not more than twelve months, or both.

(b) Not later than three months after the Commission has completed its affairs in connection with the settlement of all claims payable from the fund from which an award is payable, any agent, attorney at law or in fact, or representative who believes that the total remuneration for services rendered in connection with the claim upon which such award is made should exceed the maximum otherwise permitted by this section may, pursuant to such procedure as the Commission shall prescribe by regulation, petition the Commission for an order authorizing the payment of remuneration in excess of remuneration for services rendered in connection with the claim upon

[24] 62 Stat. 807.

a finding that there exist special circumstances of unusual hardship which require the payment of such excess; and such order shall state the amount of the excess which may so be paid. The determination of the Commission in ruling upon such petition shall be within the sole discretion of the Commission and shall not be subject to review by any court.

SEC. 318. The following provisions of title I shall be applicable to this title: Subsections (b), (c), (d), (e), (h), and (j) of section 4; and subsections (c), (d), (e), and (f) of section 7.

TITLE IV [25]

CLAIMS AGAINST CZECHOSLOVAKIA

SEC. 401. As used in this title—

(1) "National of the United States," means (A) a natural person who is a citizen of the United States, or who owes permanent allegiance to the United States, and (B) a corporation or other legal entity which is organized under the laws of the United States, any State or Territory thereof, or the District of Columbia, if natural persons who are nationals of the United States own, directly or indirectly, more than 50 per centum of the outstanding capital stock or other beneficial interest in such legal entity. It does not include aliens. (2) "Commission" means the Foreign Claims Settlement Commission of the United States, established, pursuant to Reorganization Plan Numbered 1 of 1954 (68 Stat. 1279). (3) "Property" means any property, right, or interest.

SEC. 402. (a) The Secretary of the Treasury is directed to hold, in an account in the Treasury of the United States, the net proceeds of the sale of certain Czechoslovakian steel mill equipment heretofore blocked and sold in the United States by order of the Secretary of Treasury under authority of Executive Order Numbered 9193, dated July 6, 1942 (7 F. R. 5205, July 9, 1942).

(b) There is hereby created in the Treasury of the United States a fund to be designated the Czechoslovakian Claims Fund, for the payment of unsatisfied claims of nationals of the United States against Czechoslovakia as authorized in this title.

(c) If, within one year following the date of enactment of this title, the Government of Czechoslovakia voluntarily settles with and pays to the Government of the United States a sum in payment of claims of United States nationals against Czechoslovakia, all moneys held pursuant to subsection (a) of this section will be disposed of in accordance with the terms of the settlement agreement with Czechoslovakia and applicable provisions of this title and the sum paid by Czechoslovakia shall be covered into the Czechoslovakian Claims Fund.

(d) Upon the expiration of one year after the date of enactment of this title if no settlement with Czechoslovakia of the type specified in subsection (c) of this section has occurred, all moneys held pursuant to subsection (a) of this section except amounts held in reserve pursuant to section 403 of this title, shall be covered into the Czechoslovakian Claims Fund.

[25] Title IV was added by Public Law 85-604, approved August 8, 1958.

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(e) The Secretary of the Treasury shall deduct from the Czechoslovakian Claims Fund 5 per centum thereof as reimbursement to the Government of the United States for the expenses incurred by the Commission and by the Treasury Department in the administration of this title. The amount so deducted shall be covered into the Treasury to the credit of miscellaneous receipts.

(f) After the deduction for administrative expenses pursuant to subsection (e) of this section, and after payment of wards certified pursuant to section 410 of this title, the balance remaining in the Fund, if any, shall be paid to Czechoslovakia in accordance with instructions to be provided by the Secretary of State.

SEC. 403. No judicial relief or remedy shall be available to any person asserting a claim against the United States or any officer or agent thereof with respect to any action taken under this title, or any other claim for or on account of the property or proceeds described in section 402 of this title, or for any other action taken with respect thereto except to the extent that the action complained of constitutes a taking of private property without just compensation, and to such extent the sole judicial relief and remedy available shall be an action brought against the United States in the United States Court of Claims which action must be brought within one year of the date of enactment of this title or it shall be forever barred; and any action so brought shall receive a preference over all actions which themselves are not given preference by statute. No other court shall have original jurisdiction to consider any such claim by mandamus or otherwise. If any action is brought pursuant to this section the Secretary of the Treasury shall set aside an appropriate reserve in the account containing the moneys held pursuant to subsection (a) of section 402 of this title. Such reserve shall be retained pending a final determination of all issues raised in the action and recovery in any such action shall be limited to and paid out of the moneys so reserved. After a final determination of all issues raised in the action and payment of any judgment against the United States entered pursuant thereto, any balance no longer required to be held in reserve shall be disposed of in accordance with the provisions of subsection (d) of section 402 of this title. Nothing in this section shall be construed to create (1) any liability against the United States for any action taken pursuant to section 404 of this title, (2) any liability against the United States in favor of the Government of Czechoslovakia, any agency or instrumentality thereof or any person who is an assignee or successor in interest thereto, or (3) any other liability against the United States.

SEC. 404. The Commission shall determine in accordance with applicable substantive law, including international law, the validity and amount of claims by nationals of the United States against the Government of Czechoslovakia for losses resulting from the nationalization or other taking on and after January 1, 1945, of property including any rights or interests therein owned at the time by nationals of the United States, subject, however, to the terms and conditions of an applicable claims agreement, if any, concluded between the Governments of Czechoslovakia and the United States within one year following the date of enactment of this title. In making the determination with respect to the validity and amount of claims and value of properties, rights, or interests taken, the Commission is authorized

to accept the fair or proved value of the said property, right, or interest as of a time when the property or business enterprise taken, was last operated, used, managed or controlled by the national or nationals of the United States asserting the claim irrespective of whether such date is prior to the actual date of nationalization or taking by the Government of Czechoslovakia.

SEC. 405. A claim under section 404 of this title shall not be allowed unless the property upon which the claim is based was owned by a national of the United States on the date of nationalization or other taking thereof and unless the claim has been held by a national of the United States continuously thereafter until the date of filing with the Commission.

SEC. 406. (a) A claim under section 404 of this title based upon an ownership interest in any corporation, association, or other entity which is a national of the United States shall be denied.

(b) A claim under section 404 of this title, based upon a direct ownership interest in a corporation, association, or other entity for loss by reason of the nationalization or other taking of such corporation, association, or other entity, or the property thereof, shall be allowed, subject to other provisions of this title, if such corporation, association, or other entity on the date of the nationalization or other taking was not a national of the United States, without regard to the per centum of ownership vested in the claimant in any such claim.

(c) A claim under section 404 of this title, based upon an indirect ownership interest in a corporation, association, or other entity for loss by reason of the nationalization or other taking of such corporation, association, or other entity, or the property thereof, shall be allowed, subject to other provisions of this title, only if at least 25 per centum of the entire ownership interest thereof at the time of such nationalization or other taking was vested in nationals of the United States.

(d) Any award on a claim under subsection (b) or (c) of this section shall be calculated on the basis of the total loss suffered by such corporation, association, or other entity, and shall bear the same proportion to such loss as the ownership interest of the claimant bears to the entire ownership interest thereof.

SEC. 407. In determining the amount of any award by the Commission there shall be deducted all amounts the claimant has received from any source on account of the same loss or losses with respect to which such award is made.

SEC. 408. With respect to any claim under section 404 of this title which, at the time of the award, is vested in persons other than the person by whom the loss was sustained, the Commission may issue a consolidated award in favor of all claimants then entitled thereto, which award shall indicate the respective interests of such claimants therein, and all such claimants shall participate, in proportion to their indicated interests, in the payments authorized by this title in all respects as if the award had been in favor of a single person.

SEC. 409. No award shall be made on any claim under section 404 of this title to or for the benefit of (1) any person who has been convicted of a violation of any provision of chapter 115, title 18, of the United States Code, or of any other crime involving disloyalty to the

United States, or (2) any claimant whose claim under this title is within the scope of title III of this Act.

SEC. 410. The Commission shall certify to the Secretary of the Treasury, in terms of United States currency, each award made pursuant to this title.

SEC. 411. Within sixty days after the enactment of this title or of legislation making appropriations to the Commission for payment of administrative expenses incurred in carrying out its functions under this title, whichever date is later, the Commission shall give public notice by publication in the Federal Register of the time when, and the limit of time within which claims may be filed, which limit shall not be more than twelve months after such publication.

SEC. 412. The Commission shall complete its affairs in connection with the settlement of claims pursuant to this title not later than three years following the final date for the filing of claims as provided in section 411 of this title or following the enactment of legislation making appropriations to the Commission for payment of administrative expenses incurred in carrying out its functions under this title, whichever date is later.

SEC. 413. (a) The Secretary of the Treasury is authorized and directed, out of the sums covered into the Czechoslovakian Claims Fund, to make payments on account of awards certified by the Commission pursuant to this title as follows and in the following order of priority:

(1) Payment in the amount of $1,000 or in the amount of the award, whichever is less.

(2) Thereafter, payments from time to time on account of the unpaid balance of each remaining award made pursuant to this title which shall bear to such unpaid balance the same proportion as the total amount in the fund available for distribution at the time such payments are made bears to the aggregate unpaid balance of all such awards.

(b) Such payments, and applications for such payments, shall be made in accordance with such regulations as the Secretary of the Treasury shall prescribe.

(c) For the purpose of making any such payments, an "award" shall be deemed to mean the aggregate of all awards certified in favor of the same claimant.

(d) If any person to whom any payment is to be made pursuant to this title is deceased or is under a legal disability, payment shall be made to his legal representative, except that if any payment to be made is not over $1,000 and there is no qualified executor or administrator, payment may be made to the person or persons found by the Comptroller General to be entitled thereto, without the necessity of compliance with the requirements of law with respect to the administration of estates.

(e) Subject to the provisions of any claims agreement hereafter concluded between the Governments of Czechoslovakia and the United States, payment of any award pursuant to this title shall not, unless such payment is for the full amount of the claim, as determined by the Commission to be valid, with respect to which the award is made, extinguish such claim, or be construed to have divested any claimant, or the United States on his behalf, of any rights against any foreign government for the unpaid balance of his claim.

SEC. 414. No remuneration on account of services rendered on behalf of any claimant in connection with any claim filed with the Commission under this title shall exceed 10 per centum of the total amount paid pursuant to any award certified under the provisions of this title on account of such claim. Any agreement to the contrary shall be unlawful and void. Whoever, in the United States or elsewhere, demands or receives, on account of services so rendered, any remuneration in excess of the maximum permitted by this section, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than twelve months, or both.

SEC. 415. The Secretary of State is authorized and directed to transfer or otherwise make available to the Commission such records and documents relating to claims authorized by this title as may be required by the Commission in carrying out its functions under this title.

SEC. 416. To the extent they are not inconsistent with the provisions of this title, the following provisions of title I shall be applicable to this title: Subsections (b), (c), (d), (e), (h), and (j) of section 4; subsections (c), (d), (e), and (f) of section 7.

SEC. 417. There are hereby authorized to be appropriated such sums as may be necessary to enable the Commission and the Treasury Department to pay their administrative expenses incurred in carrying out their functions under this title.[26]

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[26] Public Law 285, approved August 9, 1955, consisted entirely of amendments to Public Law 455, approved March 10, 1950, except for sec. 4 which reads as follows:

"SEC. 4. Public Resolution Numbered 36, Seventy-Sixth Congress, approved August 4, 1939 (53 Stat. 1199), entitled 'Resolution to provide for the adjudication by a Commissioner of Claims of American nationals against the Government of the Union of Soviet Socialist Republics', is hereby repealed."

Public Law 85-604, 85th Congress, approved August 8, 1958, consisted entirely of amendments to Public Law 455, approved March 10, 1950, except for the material in section 3 (b) noted in footnote 23, and the following:

"SEC. 4. If any provision of this Act, or the application thereof to any person or circumstances, shall be held invalid, the remainder of the Act, or the application of such provision to other persons or circumstances, shall not be affected."

7. Reorganization Plan No. 1 of 1954

Relating to the Establishment of the Foreign Claims Settlement Commission

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 1 of 1954, prepared in accordance with the Reorganization Act of 1949, as amended.

The reorganization plan establishes a new Government agency, the Foreign Claims Settlement Commission of the United States; transfers to that Commission the functions of the War Claims Commission and of the International Claims Commission of the United States; and abolishes the latter two Commissions.

The Foreign Claims Settlement Commission will be composed of three members appointed by the President by and with the advice and consent of the Senate. The President will designate one of the members as Chairman of the Commission. The Chairman will be responsible for the internal management of the affairs of the Commission. The reorganization plan contains provisions designed to assure smooth administration of functions during the period of transition to the new organization.

The War Claims Commission was created as a temporary agency by the War Claims Act of 1948. The Commission was made responsible for settling certain claims of former United States World War II prisoners of war, civilian internees captured or in hiding to avoid capture in the Philippines, Guam, Wake Island, and the Midway Islands, and certain religious organizations in the Philippines which had aided American forces during the war. In 1952, the Commission was assigned, additionally, the administration of claims of Philippine religious organizations which sustained losses of their educational, medical, and welfare facilities in the war, and of benefits to United States prisoners of war for inhumane treatment during internment by the enemy.

From its inception in 1949 to April 1, 1954, approximately 500,000 claims were filed with the War Claims Commission, and approximately $134 million was paid to claimants. Approximately 96,000 remaining claims are in the process of settlement, and the Commission must complete action on them, together with such appeals as may be filed, by March 31, 1955.

The International Claims Commission was established within the Department of State by the International Claims Settlement Act of 1949. Its immediate function was to adjudicate claims covered by a settlement of $17 million which was deposited with the Government of the United States by the Yugoslav Government primarily to compensate our nationals for losses sustained through nationalization of properties. The Act also authorized the Commission to settle such claims as might be included later in any similar agreement between

the United States and a foreign government. Subsequently, the Commission was assigned the administration of a $400,000 settlement negotiated with the Government of Panama.

From its establishment in 1950 to April 1, 1954, the International Claims Commission has settled 531 claims out of a total of 1,622 filed. Of this total, 1,555 claims were against Yugoslavia and 67 were against Panama. Under the Act, settlement of the remaining Yugoslav claims must be completed by December 31, 1954.

The accompanying reorganization plan has substantial potential advantages. The Foreign Claims Settlement Commission will be able to administer any additional claims programs financed by funds derived from foreign governments without the delay which has often characterized the initiation of past programs. Moreover, the use of an existing agency will be more economical than the establishment of a new commission to administer a given type of foreign claims program. Consolidation of the affairs of the two present Commissions will also permit the retention and use of the best experience gained during the last several years in the field of claims settlement. The declining workload of current programs can be meshed with the rising workload of new programs with maximum efficiency and effectiveness.

A proposed new claims program now pending before the Senate would provide benefits similar to those paid to World War II victims under the War Claims Act for losses and internments resulting from hostilities in Korea. The executive branch of the Government has recommended approval of this program by the Congress. I now suggest that this program be assigned by law to the Foreign Claims Settlement Commission.

There should also be assigned to this new Commission the settlement of such of the claims programs as may be authorized from among those recommended by the War Claims Commission in its report made pursuant to section 8 of the War Claims Act. That report, posing many complex policy, legal, and administrative problems, is now being reviewed by executive agencies; and recommendations will soon be sent to the Congress.

By peace treaties and an international agreement, the United States has acquired the right to utilize certain external assets and settlement funds of several countries. A total of about $39 million is available to indemnify claims of United States nationals against the Governments of Rumania, Hungary, Bulgaria, and Italy, arising out of war damage or confiscations in those countries. In addition, claims growing out of United States losses from default on obligations and nationalization of properties may be settled by awards from $9 million realized from an agreement made in 1933 with the Soviet Union, known as the Litvinov assignment. Action by the Congress is necessary before these various funds may be assigned for settlement, and recommendations of the executive branch in this connection will be transmitted at an early date.

In addition to the reorganizations I have described, the reorganization plan transfers to the Foreign Claims Settlement Commission the functions of the Commissioner provided for in the joint resolution of August 4, 1939. These functions involve the receipt and administration of claims covered by the Litvinov assignment. The office of

Commissioner, for which funds have never been appropriated and which has never been filled, is abolished.

The reorganization plan does not transfer the war claims fund or the Yugoslav claims fund from the Department of the Treasury, or divest the Secretary of the Treasury of any functions under the War Claims Act of 1948, as amended, or under the International Claims Settlement Act of 1949, as amended. It does not limit the responsibility of the Secretary of State with respect to the conduct of foreign affairs. The reorganizations contained in the reorganization plan will not prejudice any interest or potential interest of any claimant.

After investigation, I have found and hereby declare that each reorganization included in the accompanying reorganization plan is necessary to accomplish one or more of the purposes set forth in section 2 (a) of the Reorganization Act of 1949, as amended. I have also found and hereby declare that it is necessary to include in the accompanying reorganization plan, by reason of reorganizations made thereby, provisions for the appointment and compensation of officers specified in section 1 of the plan. The rate of compensation fixed for each of these officers is that which I have found to prevail in respect of comparable officers in the executive branch of the Government.

The statutory citation for certain functions of the Secretary of State with respect to the International Claims Commission which are abolished by the reorganization plan, is the third and fourth sentences of section 3 (c) of the International Claims Settlement Act of 1949 (64 Stat. 13), as amended.

It is at this time impracticable to specify the reductions of expenditures which it is probable will be brought about by the taking effect of the reorganizations contained in the plan.

Reorganization Plan No. 1 of 1954 provides a single agency for the orderly completion of present claims programs. In addition, it provides an effective organization for the settlement of future authorized claims programs by utilizing the experience gained by present claims agencies. It provides unified administrative direction of the functions concerned, and it simplifies the organizational structure of the executive branch. I urge that the Congress allow the reorganization plan to become effective.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *April 29, 1954.*

REORGANIZATION PLAN NO. 1 OF 1954

(Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, April 29, 1954, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended)

FOREIGN CLAIMS SETTLEMENT COMMISSION OF THE UNITED STATES

SECTION 1. *Establishment of Commission.*—There is hereby established the Foreign Claims Settlement Commission of the United States, hereinafter referred to as the Commission. The Commission

shall be composed of three members, who shall each be appointed by the President by and with the advice and consent of the Senate, hold office during the pleasure of the President, and receive compensation at the rate of $15,000 per annum. The President shall from time to time designate one of the members of the Commission as the Chairman of the Commission, hereinafter referred to as the Chairman. Two members of the Commission shall constitute a quorum for the transaction of the business of the Commission.

SEC. 2. *Transfer of functions.*—(a) All functions of the War Claims Commission and of the members, officers, and employees thereof are hereby transferred to the Foreign Claims Settlement Commission of the United States.

(b) All functions of the International Claims Commission of the United States (hereinafter referred to as the International Claims Commission) and of the members, officers, and employees thereof are hereby transferred to the Foreign Claims Settlement Commission of the United States.

(c) The functions of the Secretary of State and of the Department of State with respect to the International Claims Commission and its affairs, exclusive of the functions of the said Secretary and Department under sections 3 (c), 4 (b), and 5, and the first sentence of section 8 (d), of the International Claims Settlement Act of 1949 (64 Stat. 12), as amended, are hereby transferred to the Commission.

(d) The functions of the Commissioner provided for in the Joint Resolution approved August 4, 1939 (ch. 421, 53 Stat. 1199), together with the functions of the Secretary of State under section 2 thereof, are hereby transferred to the Commission.

SEC. 3. *Certain functions of Chairman.*—There are hereby vested in the Chairman all functions of the Commission with respect to the internal management of the affairs of the Commission, including but not limited to functions with respect to: (a) the appointment of personnel employed under the Commission, (b) the direction of employees of the Commission and the supervision of their official activities, (c) the distribution of business among employees and organizational units under the Commission, (d) the preparation of budget estimates, and (e) the use and expenditure of funds of the Commission available for expenses of administration.

SEC. 4. *Abolitions.*—(a) The War Claims Commission, provided for in the War Claims Act of 1948 (62 Stat. 1240), as amended, and the International Claims Commission, provided for in the International Claims Settlement Act of 1949, as amended, including the offices of the members of each of the said commissions, and the office of Commissioner provided for in the aforesaid Joint Resolution of August 4, 1939, are hereby abolished.

(b) The functions of the Secretary of State under the third and fourth sentences of section 3 (c) of the International Claims Settlement Act of 1949, as amended, are hereby abolished.

SEC. 5. *Authorization to delegate.*—The Commission is hereby authorized to delegate any of its functions to one or more persons designated by the Commission from among the members of the Commission and the officers and employees serving under the Commission.

SEC. 6. *Transitional provisions.*—(a) Any person who is a member or acting member of the War Claims Commission or of the Interna-

tional Claims Commission immediately prior to the taking effect of the provisions of this reorganization plan may be designated by the President as an acting member of the Foreign Claims Settlement Commission of the United States in respect of an office of member the initial appointment to which has not then been made under section 1 of this reorganization plan. Each such acting member of the said Foreign Claims Settlement Commission shall perform the duties and receive the compensation of member. Unless sooner terminated, the tenure of any acting member designated hereunder shall terminate when the office of the member concerned is filled in pursuance of section 1 hereof, or 120 days after the effective date of this reorganization plan, whichever is earlier.

(b) The Chairman shall make such provisions as may be necessary with respect to winding up any affairs of the agencies abolished by the provisions of this reorganization plan not otherwise provided for herein.

(c) So much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, held, used, available, or to be made available, in connection with the functions transferred by section 2 of this reorganization plan as the Director of the Bureau of the Budget shall determine shall be transferred to the Commission at such time or times as the said Director shall direct.

(d) Such further measures and dispositions as the Director of the Bureau of the Budget shall deem to be necessary in order to effectuate the transfers provided for in subsection (c) of this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

SEC. 7. *Effective date.*—The provisions of this reorganization plan shall take effect on the date determined under section 6 (a) of the Reorganization Act of 1949, as amended, or the first day of July 1954, whichever is later.

8. North Atlantic Treaty

Text of the North Atlantic Treaty, 63 Stat. 2241, Treaties and Other International Acts Series 1964; Signed at Washington, April 4, 1949; Ratification Advised by the Senate July 21, 1949; Ratified by the President July 25, 1949; Proclaimed by the President and Entered Into Force August 24, 1949; as Modified by Article II of the Protocol to the North Atlantic Treaty on the Accession of Greece and Turkey, Treaties and Other International Act Series 2390; Signed at London, October 17, 1951; Ratification Advised by the Senate February 7, 1952; Ratified by the President February 11, 1952; Entered Into Force February 15, 1952

The Parties to this Treaty [1] reaffirm their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all governments.

They are determined to safeguard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and the rule of law.

They seek to promote stability and well-being in the North Atlantic area.

They are resolved to unite their efforts for collective defense and for the preservation of peace and security.

They therefore agree to this North Atlantic Treaty:

ARTICLE 1

The Parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security, and justice, are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

ARTICLE 2

The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

ARTICLE 3

In order more effectively to achieve the objectives of this Treaty, the Parties, separately and jointly, by means of continuous and effective

[1] Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Turkey, United Kingdom, and the United States. Germany became a party to the North Atlantic Treaty by virtue of the Protocol to the North Atlantic Treaty on the Accession of the Federal Republic of Germany; Signed at Paris, October 23, 1954; Ratification advised by the Senate April 1, 1955; Ratified by the President April 7, 1955; Entered into Force May 5, 1955.

self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.

ARTICLE 4

The Parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened.

ARTICLE 5

The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all; and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.

Any such armed attack and all measures taken as a result thereof shall immediately be reported to the Security Council. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

ARTICLE 6 [2]

For the purpose of Article 5, an armed attack on one or more of the Parties is deemed to include an armed attack—

(i) on the territory of any of the Parties in Europe or North America, on the Algerian Departments of France, on the territory of Turkey or the islands under the jurisdiction of any of the Parties in the North Atlantic area north of the Tropic of Cancer;

(ii) on the forces, vessels or aircraft of any of the Parties, when in or over these territories or any other area in Europe in which occupation forces of any of the Parties were stationed on the date when the Treaty entered into force or the Mediterranean Sea or the North Atlantic area north of the Tropic of Cancer.

ARTICLE 7

The Treaty does not affect, and shall not be interpreted as affecting, in any way the rights and obligations under the Charter of the Parties which are members of the United Nations, or the primary responsibility of the Security Council for the maintenance of international peace and security.

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[2] As modified by the Protocol on the Accession of Greece and Turkey. The Article originally read as follows:

"ARTICLE 6

"For the purpose of Article 5 an armed attack on one or more of the Parties is deemed to include an armed attack on the territory of any of the Parties in Europe or North America, on the Algerian departments of France, on the occupation forces of any Party in Europe, on the islands under the jurisdiction of any Party in the North Atlantic area north of the Tropic of Cancer or on the vessels or aircraft in this area of any of the Parties."

ARTICLE 8

Each Party declares that none of the international engagements now in force between it and any other of the Parties or any third state is in conflict with the provisions of this Treaty, and undertakes not to enter into any international engagements in conflict with this Treaty.

ARTICLE 9

The Parties hereby establish a council, on which each of them shall be represented, to consider matters concerning the implementation of this Treaty. The council shall be so organized as to be able to meet promptly at any time. The council shall set up such subsidiary bodies as may be necessary; in particular it shall establish immediately a defense committee which shall recommend measures for the implementation of Articles 3 and 5.

ARTICLE 10

The Parties may, by unanimous agreement, invite any other European state in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area to accede to this Treaty. Any state so invited may become a party to the Treaty by depositing its instrument of accession with the Government of the United States of America. The Government of the United States of America will inform each of the Parties of the deposit of each such instrument of accession.

ARTICLE 11

This Treaty shall be ratified and its provisions carried out by the Parties in accordance with their respective constitutional processes. The instruments of ratification shall be deposited as soon as possible with the Government of the United States of America, which will notify all the other signatories of each deposit. The Treaty shall enter into force between the states which have ratified it as soon as the ratification of the majority of the signatories, including the ratifications of Belgium, Canada, France, Luxembourg, the Netherlands, the United Kingdom and the United States, have been deposited and shall come into effect with respect to other states on the date of deposit of their ratifications.

ARTICLE 12

After the Treaty has been in force for ten years, or at any time thereafter, the Parties shall, if any of them so requests, consult together for the purpose of reviewing the Treaty, having regard for the factors then affecting peace and security in the North Atlantic area, including the development of universal as well as regional arrangements under the Charter of the United Nations for the maintenance of international peace and security.

ARTICLE 13

After the Treaty has been in force for twenty years, any Party may cease to be a party one year after its notice of denunciation has been

given to the Government of the United States of America, which will inform the Governments of the other Parties of the deposit of each notice of denunciation.

ARTICLE 14

This Treaty, of which the English and French texts are equally authentic, shall be deposited in the Archives of the Government of the United States of America. Duly certified copies thereof will be transmitted by that Government to the Governments of the other signatories.

9. U.S. Citizens Commission on NATO

Text of Public Law 86-719, 86th Congress [S.J. Res. 170], 74 Stat. 819, approved September 7, 1960

JOINT RESOLUTION To authorize the participation in an international convention of representative citizens from the North Atlantic Treaty nations to examine how greater political and economic cooperation among their peoples may be promoted, to provide for the appointment of United States delegates to such convention, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the President of the Senate and the Speaker of the House of Representatives acting jointly are hereby authorized, after consultation with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives to appoint a United States Citizens Commission on NATO, hereafter referred to as the Commission. Said Commission shall consist of not to exceed twenty United States citizens, not more than one-half of whom may be from any one political party, and who shall be appointed from private life.

(b) Vacancies in the Commission shall not affect its powers. Vacancies shall be filled in the same manner as in the case of the original selection. The Commission shall elect a chairman and a vice chairman from among its members.

SEC. 2. (a) It shall be the duty of such Commission to endeavor to arrange for and to participate in such meetings and conferences with similar citizens commissions in the NATO countries as it may deem necessary in order to explore means by which greater cooperation and unity of purpose may be developed to the end that democratic freedom may be promoted by economic and political means.

(b) The United States Citizens Commission on NATO is not in any way to speak for or to represent the United States Government.

SEC. 3. To promote the purposes set forth in section 2, the Commission is hereby authorized—

(1) to communicate informally the sense of this resolution to parliamentary bodies in NATO countries;

(2) to seek to arrange an international convention and such other meetings and conferences as it may deem necessary;

(3) to employ and fix the compensation of such temporary professional and clerical staff as it deems necessary: *Provided*, That the number shall not exceed ten: *And provided further*, That compensation shall not exceed the maximum rates authorized for committees of the Congress;

(4) to submit such reports as it deems appropriate; and

(5) to pay its share of such expenses as may be involved as a consequence of holding any meetings or conferences authorized by subparagraph (2) above, but not in excess of $100,000.

SEC. 4. Members of the Commission, who shall serve without compensation, shall be reimbursed for, or shall be furnished, travel, subsistence, and other necessary expenses incurred by them in the performance of their duties under this joint resolution, upon vouchers approved by the Chairman of said Commission.

SEC. 5. Not to exceed $300,000 is hereby authorized to be appropriated to the Department of State to carry out the purposes of this resolution, payments to be made upon vouchers approved by the Chairman of the Commission subject to the laws, rules, and regulations applicable to the obligation and expenditure of appropriated funds. The Commission shall make semiannual reports to Congress accounting for all expenditures.

SEC. 6. The Commission shall cease to exist on January 31, 1962.

Approved September 7, 1960.

10. The Formosa Resolution

Text of Public Law 4, 84th Congress [H. J. Res. 159] 69 Stat. 5, approved January 29, 1955

A JOINT RESOLUTION Authorizing the President to employ the Armed Forces of the United States for protecting the security of Formosa, the Pescadores and related positions and territories of that area.

Whereas the primary purpose of the United States, in its relations with all other nations, is to develop and sustain a just and enduring peace for all; and

Whereas certain territories in the West Pacific under the jurisdiction of the Republic of China are now under armed attack, and threats and declarations have been and are being made by the Chinese Communists that such armed attack is in aid of and in preparation for armed attack on Formosa and the Pescadores,

Whereas such armed attack if continued would gravely endanger the peace and security of the West Pacific Area and particularly of Formosa and the Pescadores; and

Whereas the secure possession by friendly governments of the Western Pacific Island chain, of which Formosa is a part, is essential to the vital interests of the United States and all friendly nations in or bordering upon the Pacific Ocean; and

Whereas the President of the United States on January 6, 1955, submitted to the Senate for its advice and consent to ratification a Mutual Defense Treaty between the United States of America and the Republic of China, which recognizes that an armed attack in the West Pacific area directed against territories, therein described, in the region of Formosa and the Pescadores, would be dangerous to the peace and safety of the parties to the treaty: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States be and he hereby is authorized to employ the Armed Forces of the United States as he deems necessary for the specific purpose of securing and protecting Formosa and the Pescadores against armed attack, this authority to include the securing and protection of such related positions and territories of that area now in friendly hands and the taking of such other measures as he judges to be required or appropriate in assuring the defense of Formosa and the Pescadores.

This resolution shall expire when the President shall determine that the peace and security of the area is reasonably assured by international conditions created by action of the United Nations or otherwise, and shall so report to the Congress.

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11. The Middle East Resolution

Text of Public Law 85-7 [H. J. Res. 117] 71 Stat. 5, approved March 9, 1959

A JOINT RESOLUTION To promote peace and stability in the Middle East.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President be and hereby is authorized to cooperate with and assist any nation or group of nations in the general area of the Middle East desiring such assistance in the development of economic strength dedicated to the maintenance of national independence.

SEC. 2. The President is authorized to undertake, in the general area of the Middle East, military assistance programs with any nation or group of nations of that area desiring such assistance. Furthermore, the United States regards as vital to the national interest and world peace the preservation of the independence and integrity of the nations of the Middle East. To this end, if the President determines the necessity thereof, the United States is prepared to use armed forces to assist any such nation or group of such nations requesting assistance against armed aggression from any country controlled by international communism: *Provided*, That such employment shall be consonant with the treaty obligations of the United States and with the Constitution of the United States.

SEC. 3. The President is hereby authorized to use during the balance of fiscal year 1957 for economic and military assistance under this joint resolution not to exceed $200,000,000 from any appropriation now available for carrying out the provisions of the Mutual Security Act of 1954, as amended, in accord with the provisions of such Act: *Provided*, That, whenever the President determines it to be important to the security of the United States, such use may be under the authority of section 401 (a) of the Mutual Security Act of 1954, as amended (except that the provisions of section 105 (a) thereof shall not be waived), and without regard to the provisions of section 105 of the Mutual Security Appropriation Act, 1957: *Provided further*, That obligations incurred in carrying out the purposes of the first sentence of section 2 of this joint resolution shall be paid only out of appropriations for military assistance, and obligations incurred in carrying out the purposes of the first section of this joint resolution shall be paid only out of appropriations other than those for military assistance. This authorization is in addition to other existing authorizations with respect to the use of such appropriations. None of the additional authorizations contained in this section shall be used until fifteen days after the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, the Committees on Appropriations of the Senate and the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and the House of Representatives have been fur-

nished a report showing the object of the proposed use, the country for the benefit of which such use is intended, and the particular appropriation or appropriations for carrying out the provisions of the Mutual Security Act of 1954, as amended, from which the funds are proposed to be derived: *Provided*, That funds available under this section during the balance of fiscal year 1957 shall, in the case of any such report submitted during the last fifteen days of the fiscal year, remain available for use under this section for the purposes stated in such report for a period of twenty days following the date of submission of such report. Nothing contained in this joint resolution shall be construed as itself authorizing the appropriation of additional funds for the purpose of carrying out the provisions of the first section or of the first sentence of section 2 of this joint resolution.

SEC. 4. The President should continue to furnish facilities and military assistance, within the provisions of applicable law and established policies, to the United Nations Emergency Force in the Middle East, with a view to maintaining the truce in that region.

SEC. 5. The President shall within the months of January and July of each year report to the Congress his action hereunder.

SEC. 6. This joint resolution shall expire when the President shall determine that the peace and security of the nations in the general area of the Middle East are reasonably assured by international conditions created by action of the United Nations or otherwise except that it may be terminated earlier by a concurrent resolution of the two Houses of Congress.

12. Excerpt from the Legislative Branch Appropriation Act of 1961

Partial Text of Public Law 86-628, 86th Congress [H.R. 12232], 64 Stat. 446, approved July 12, 1960

AN ACT Making appropriations for the Legislative Branch for the fiscal year ending June 30, 1961, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Legislative Branch for the fiscal year ending June 30, 1961, and for other purposes, namely:

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GENERAL PROVISIONS

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SEC. 105. (a) The second sentence of section 502(b) of the Mutual Security Act of 1954, as amended, is amended to read as follows: "Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall prepare a consolidated report showing the total itemized expenditures during the preceding calendar year of the committee and each subcommittee thereof, and of each member and employee of such committee or subcommittee, and shall forward such consolidated report to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate)."

(b) Each member of the United States group or delegation to the Interparliamentary Union, the NATO parliamentarian's Conference, the Canada-United States Interparliamentary Group, the Mexico-United States Interparliamentary Group, or any similar interparliamentary group of which the United States is a member, and each employee of the Senate or House of Representatives, by whom or on whose behalf expenditures are made from funds appropriated for the expenses of such group or delegation, shall file with the chairman of the Committee on Foreign Relations of the Senate in the case of Members or employees of the Senate, or with the Committee on Foreign Affairs of the House of Representatives in the case of Members or employees of the House, an itemized report showing all such expenditures made by or on behalf of each Member or employee together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within sixty days after the be-

ginning of each regular session of Congress, the chairman of the Committee on Foreign Relations and the chairman of the Committee on Foreign Affairs shall prepare consolidated reports showing with respect to each such group or delegation the total amount expended, the purposes of the expenditures, the amount expended for each such purpose, the names of the Members or employees by or on behalf of whom the expenditures were made and the amount expended by or on behalf of each Member or employee for each such purpose. The consolidated reports prepared by the chairman of the Committee on Foreign Relations of the Senate shall be filed with the Committee on Appropriations of the Senate and the consolidated reports prepared by the chairman of the Committee on Foreign Affairs of the House shall be filed with the Committee on House Administration of the House. Each such consolidated report shall be printed in the Congressional Record within ten days after receipt by the Committee on Appropriations of the Senate or the Committee on House Administration of the House.

(c) Section 60 of the Revised Statutes (2 U.S.C. 102) is amended by adding at the end thereof a new paragraph as follows:

"Reports of the Secretary of the Senate and the Clerk of the House of Representatives under this section shall be printed as Senate and House documents, respectively."

No funds made available in this or any other Act shall be used to pay the expenses of travel or subsistence for any trip made by any Senator or Representative between the District of Columbia and his home State in the case of a Senator, or his district in the case of a Representative, other than (1) trips which are specifically authorized by law for mileage or transportation expense of Senators and Representatives, (2) official participation in the funeral services of deceased Senators or Representatives, or (3) official trips originating in the Senator's State or Representative's district during periods when Congress is not in session.

This Act may be cited as the "Legislative Branch Appropriation Act, 1961".

Approved July 12, 1960.

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