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[Report No. 2273]

IN THE SENATE OF THE UNITED STATES

JUNE 11, 1956

Read twice and referred to the Committee on Foreign Relations

JUNE 19, 1956

Reported by Mr. GEORGE, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italics*]

AN ACT

To amend further the Mutual Security Act of 1954, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "*Mutual Security Act of*
4 *1956*".

5 SEC. 2. Title I, chapter 1, of the Mutual Security Act
6 of 1954, as amended, which relates to military assistance,
7 is further amended as follows:

8 (a) In section 103 (a), which relates to authorizations,
9 add the following new paragraph:

10 "*(3)* In addition, there is hereby authorized to be

1 appropriated to the President to carry out the purposes of
2 this chapter not to exceed \$1,925,000,000, of which not less
3 than \$48,000,000 shall be used to provide assistance to Spain
4 and not more than \$402,000,000 may be used to provide
5 assistance to other European countries, and which shall re-
6 main available until expended."

7 (b) In section 105, strike out subsections (c) and (d).

8 SEC. 3. Title I, chapter 3, of the Mutual Security Act
9 of 1954, as amended, which relates to defense support, is
10 further amended by substituting a semicolon for the period
11 after "Asia" in subsection (c) of section 131 and inserting
12 thereafter the following:

13 "and for the fiscal year 1957 not to exceed—

14 "(1) \$63,700,000 for Europe (excluding Greece
15 and Turkey);

16 "(2) \$170,000,000 for the Near East (including
17 Greece and Turkey) and Africa;

18 "(3) \$882,000,000 for Asia; and

19 "(4) \$37,000,000 for Latin America.

20 "Funds made available under paragraph (4) may be
21 used to furnish assistance designed to sustain and increase
22 military or internal defense efforts, and may be used without
23 regard to the requirements of sections 141 and 142 in the
24 case of any nation which is a party to the Inter-American
25 Treaty of Reciprocal Assistance and which has adhered to

1 the resolution of 1954 entitled 'Declaration of Solidarity
2 for the Preservation of the Political Integrity of the Ameri-
3 can States against the Intervention of International Com-
4 munism'."

5 SEC. 4. Title I, chapter 4, of the Mutual Security Act
6 of 1954, as amended, which contains general provisions relat-
7 ing to mutual defense assistance, is amended by adding at
8 the end thereof the following new section:

9 "SEC. 143. PROHIBITION OF ASSISTANCE TO YUGO-
10 SLAVIA.—Notwithstanding any other provision of law, no
11 assistance under this title or any other title of this Act, or
12 under any provision of law repealed by section 542 (a) of
13 this Act, shall be furnished to Yugoslavia after the date of
14 the enactment of this section, unless the President finds (1)
15 that there has been no change in the Yugoslavian policies
16 on the basis of which assistance under this Act has been fur-
17 nished to Yugoslavia in the past, and that Yugoslavia is
18 independent of control by the Soviet Union, and (2) that
19 it is in the interest of the national security of the United
20 States to continue the furnishing of assistance to Yugoslavia
21 under this Act."

22 SEC. 5. Title II of the Mutual Security Act of 1954,
23 as amended, which relates to development assistance, is
24 amended by striking out sections 201 and 202 and sub-
25 stituting the following new section:

1 “~~SEC. 201. AUTHORIZATION.~~—(a) In addition to the
2 funds heretofore appropriated pursuant to the provisions of
3 sections 201 and 418 of this Act as in effect prior to the
4 enactment of the Mutual Security Act of 1956, which
5 funds shall remain available for their original purposes in
6 accordance with the provisions of law originally applicable
7 thereto, there is hereby authorized to be appropriated to the
8 President not to exceed \$243,000,000, to remain available
9 until June 30, 1960, for assistance designed to promote the
10 economic development of free Asia, the Middle East, and
11 Africa, based on self-help and mutual cooperation of friendly
12 nations, and to maintain economic and political stability in
13 these areas.

14 “(b) The President is authorized to utilize the funds
15 hereafter made available for purposes of this title to ac-
16 complish in these areas policies and purposes declared in
17 this Act, and to disburse them on such terms and condi-
18 tions, including transfer of funds, as he may specify: *Pro-*
19 *vided*, That such assistance shall only be available on terms
20 of repayment, except (1) when such funds are used to
21 finance sales of surplus agricultural commodities under sec-
22 tion 402, or (2) when granted for the purpose of a regional
23 project involving two or more beneficiary nations: *And*
24 *provided further*, That not more than 25 per centum of any
25 funds hereafter made available for purposes of this title shall

1 be used in furnishing assistance to any one nation (including
2 bilateral assistance furnished to such nation as well as such
3 nation's proportionate share of assistance furnished for re-
4 gional projects in which it is involved).

5 “(c) To be eligible for bilateral assistance from funds
6 hereafter made available for purposes of this title, a nation
7 shall have entered into a written agreement, satisfactory
8 to the President, to permit participation by private enter-
9 prise in the accomplishment of any of the purposes of this
10 Act in conformance with the provisions of section 413, which
11 relates to encouragement of free enterprise and private
12 participation.

13 “(d) Funds made available under this title may be
14 used for expenses (other than those provided for under
15 section 411 (c) of this Act) to assist in carrying out func-
16 tions under the Agricultural Trade Development and Assist-
17 ance Act of 1954, as amended (7 U. S. C. 1601 and the
18 following), delegated or assigned to any agency or officer
19 administering nonmilitary assistance.”

20 SEC. 6. Title III of the Mutual Security Act of 1954,
21 as amended, which relates to technical cooperation, is further
22 amended as follows:

23 (a) In section 304 (b), which relates to authorization,
24 after “\$146,500,000”, insert “, and for the fiscal year 1957
25 not to exceed \$140,500,000.”

1 ~~(b)~~ In section 306, which relates to multilateral tech-
2 nical cooperation:

3 ~~(1)~~ In subsection ~~(a)~~, which relates to contributions
4 to the United Nations Expanded Program of Technical As-
5 sistance, strike out all following "1956" and substitute ", and
6 \$15,500,000 for the fiscal year 1957, for such contribu-
7 tions;".

8 ~~(2)~~ In subsection ~~(b)~~, which relates to contributions
9 to the technical cooperation programs of the Organization of
10 American States, strike out all following "1956" and substi-
11 tute ", and \$1,500,000 for the fiscal year 1957, for such
12 contributions;".

13 ~~(c)~~ In section 307, which relates to advances, grants,
14 and contracts, strike out all following "Congress;" in the last
15 sentence thereof and substitute "extend at any time for not
16 more than three years;".

17 ~~(d)~~ Add the following new section:

18 "SEC. 309. STUDY OF TECHNICAL COOPERATION PRO-
19 GRAM.—It is the sense of the Congress that there be made,
20 under the direction of the President, an analysis and study
21 of the methods or mechanisms whereby the technical co-
22 operation program can be established on a long-term basis,
23 in view of its basic objectives and purposes, separated from
24 other programs authorized by or pursuant to the Mutual
25 Security Act, as amended, including the preparation of draft

1 proposals for legislation to establish such program under the
2 administration of a new independent agency or Government
3 corporation."

4 SEC. 7. Title IV of the Mutual Security Act of 1954, as
5 amended, which relates to other programs, is further amended
6 as follows:

7 (a) Amend section 401, which relates to special fund,
8 as follows:

9 (1) In the first sentence of subsection (a), strike out
10 "\$50,000,000" and substitute "\$150,000,000"; and in the
11 last sentence of such subsection strike out "\$20,000,000"
12 and substitute "\$30,000,000".

13 (2) In subsection (b), after "\$100,000,000", insert
14 "; and for the fiscal year 1957 not to exceed \$100,000,000,".

15 (b) In section 402, which relates to earmarking of
16 funds, after "\$300,000,000", insert "; and of the funds so
17 authorized for the fiscal year 1957 not less than
18 \$250,000,000,".

19 (c) In section 403 (b), which relates to special assist-
20 ance in joint control areas, after "\$21,000,000", insert "
21 and for the fiscal year 1957 not to exceed \$12,200,000,".

22 (d) Amend section 405 which relates to migrants,
23 refugees, and escapees, as follows:

24 (1) In subsection (e) after "\$1,400,000", insert "; and
25 for the fiscal year 1957 not to exceed \$2,300,000,".

1 (2) In subsection (d), after "\$6,000,000", insert "
2 and for the fiscal year 1957 not to exceed \$7,000,000,".

3 (e) In section 406 (b), which relates to children's wel-
4 fare, after "\$14,500,000", insert ", and for the fiscal year
5 1957 not to exceed "\$10,000,000,".

6 (f) In section 407 (b) which relates to Palestine ref-
7 ugees in the Near East, strike out "for the fiscal year 1956".

8 (g) Amend section 409, which relates to ocean freight
9 charges, as follows:

10 (1) In subsection (c), after "\$2,000,000" in the last
11 sentence thereof, insert "; and for the fiscal year 1957 not
12 to exceed \$1,400,000,".

13 (2) In subsection (d), after "\$13,000,000" in the first
14 sentence thereof, insert "; and for the fiscal year 1957 not
15 to exceed \$14,000,000,".

16 (h) In section 410, which relates to Control Act ex-
17 penses, after "\$1,175,000," in the first sentence thereof, in-
18 sert "and for the fiscal year 1957 not to exceed
19 \$1,175,000,".

20 (i) Amend section 411, which relates to administra-
21 tive and other expenses, as follows:

22 (1) In subsection (b), strike out all that follows "\$35,-
23 225,000," and insert "and for the fiscal year 1957 not to
24 exceed \$35,250,000, for necessary administrative expenses

1 incident to carrying out the provisions of this Act (other
2 than chapter 1 of title I and section 124).”.

3 (2) Redesignate subsection “(e)” as subsection “(e)”,
4 and insert after subsection (b) the following new sub-
5 sections:

6 “(e) Not to exceed \$1,500,000 of funds made available
7 under title II may be transferred in the fiscal year 1957
8 for necessary administrative expenses not otherwise pro-
9 vided for incident to carrying out functions under the Agri-
10 cultural Trade Development and Assistance Act of 1954, as
11 amended (7 U. S. C. 1691 and the following), delegated
12 or assigned to any agency or officer administering nonmili-
13 tary assistance, and the amounts so transferred shall be con-
14 solidated with funds made available pursuant to this section
15 for said fiscal year.

16 “(d) There are authorized to be appropriated to the
17 Department of State such amounts as may be necessary
18 from time to time for administrative expenses which are in-
19 curred for normal functions of the Department which relate
20 to functions under this Act.”

21 (j) In section 413 (b) (2) after “to encourage and
22 facilitate the flow of private investment to”, insert “, and its
23 equitable treatment in,”.

24 (k) Amend section 413 (b) (4) as follows:

1 ~~(1)~~ After "may make", insert "; through the Interna-
2 tional Cooperation Administration".

3 ~~(2)~~ Substitute "June 30, 1967" for "June 30, 1957".

4 ~~(3)~~ In subparagraph ~~(B)~~ ~~(ii)~~, before the semicolon
5 at the end thereof, insert "or by reason of war, revolution,
6 or insurrection".

7 ~~(4)~~ Amend subparagraph ~~(F)~~ to read as follows:

8 ~~"(F)~~ the President is authorized to issue guaranties
9 up to a total face value of \$500,000,000 exclusive of
10 informational media guaranties heretofore and hereafter
11 issued pursuant to section 1011 of the Act of January
12 27, 1948, as amended ~~(22 U. S. C. 1442)~~, and section
13 111 ~~(b)~~ ~~(3)~~ of the Economic Cooperation Act of 1948,
14 as amended ~~(22 U. S. C. 1509 (b) (3))~~: *Provided,*
15 That any funds allocated to a guaranty and remaining
16 after all liability of the United States assumed in con-
17 nection therewith has been released, discharged, or
18 otherwise terminated, and funds realized after June 30,
19 1955, from the sale of currencies or other assets acquired
20 pursuant to subparagraph ~~(C)~~ shall be available for
21 allocation to other guaranties, and the foregoing limi-
22 tation shall be increased to the extent that such funds
23 become available. Any payments made to discharge
24 liabilities under guaranties issued under this paragraph
25 shall be paid out of fees collected under subparagraph

1 ~~(E)~~ as long as such fees are available, and thereafter
2 shall be paid out of funds realized from the sale of cur-
3 rencies or other assets acquired pursuant to sub-
4 paragraph ~~(C)~~ and notes which have been issued
5 under authority of paragraph 111 ~~(c)~~ ~~(2)~~ of the Eco-
6 nomic Cooperation Act of 1948, as amended, and au-
7 thorized to be issued under this paragraph by the Director
8 of the International Cooperation Administration, when
9 necessary to discharge liabilities under any such guaranty:
10 *Provided*, That all guaranties issued after June 30, 1956,
11 pursuant to this paragraph shall be considered for the
12 purposes of sections 3679 ~~(31 U. S. C. 665)~~ and 3732
13 ~~(41 U. S. C. 11)~~ of the Revised Statutes, as amended,
14 as obligations only to the extent of the probable ulti-
15 mate net cost to the United States of such guaranties;
16 and the President shall, in the submission to the Con-
17 gress of the reports required by section 534 of this Act,
18 include information on the operation of this paragraph:
19 *Provided further*, That at all times funds shall be allo-
20 cated to all outstanding guaranties issued prior to July
21 1, 1956, exclusive of informational media guaranties
22 issued pursuant to section 1011 of the Act of January
23 27, 1948, as amended ~~(22 U. S. C. 1442)~~, and section
24 111 ~~(b)~~ ~~(3)~~ of the Economic Cooperation Act of
25 1948, as amended, equal to the sum of the face value

1 of said guaranties. For the purpose of this paragraph
2 the Director of the International Cooperation Admin-
3 istration is authorized to issue notes (in addition to
4 the notes heretofore issued pursuant to paragraph 111
5 (e) (2) of the Economic Cooperation Act of 1948,
6 as amended) in an amount not to exceed \$37,500,000,
7 and on the same terms and conditions applicable to notes
8 issued pursuant to said paragraph 111 (e) (2)."

9 (1) Amended section 415, which relates to assistance to
10 international organization, as follows:

11 (1) Change "ORGANIZATION" in the title to "ORGAN-
12 IZATIONS".

13 (2) After "the North Atlantic Treaty Organization",
14 insert "and the Organization for European Economic Cooper-
15 ation".

16 (m) Repeal section 418, which relates to President's
17 Fund for Asian Economic Development.

18 (n) Add the following new section:

19 "SEC. 420. FOOD AND AGRICULTURE ORGANIZA-
20 TION.—Public Law 174, Seventy-ninth Congress, as
21 amended by section 1 (b) of Public Law 806, Eighty-first
22 Congress, is hereby further amended by striking out the
23 figure '\$2,000,000' in section 2 thereof and inserting in lieu
24 thereof the figure '\$3,000,000'."

25 SEC. 8. The Mutual Security Act of 1954, as amended;

1 is further amended by inserting immediately after the first
2 section thereof and before title I the following new section:

3 "SEC. 2. STATEMENT OF POLICY.—The Congress of
4 the United States, recognizing that the peace of the world
5 and the security of the United States are endangered as long
6 as international communism and the nations it controls con-
7 tinue by threat of military action, use of economic pressure,
8 internal subversion, or other means to attempt to bring under
9 their domination peoples now free and independent and con-
10 tinue to deny the rights of freedom and self-government to
11 peoples and nations once free but now subject to such
12 domination, declares it to be the policy of the United States
13 to continue as long as such danger to the peace of the world
14 and to the security of the United States persists to make
15 available to free nations and peoples upon request assistance
16 of such nature and in such amounts as the United States is
17 able to provide compatible with its own stability, strength,
18 and other obligations, and as may be needed and effectively
19 used by such free nations and peoples to help them maintain
20 their freedom."

21 SEC. 9. Title V, chapter 1, of the Mutual Security Act
22 of 1954, as amended, which relates to general provisions, is
23 further amended as follows:

24 (a) In section 501, which relates to transferability of

1 funds, strike out the last two sentences and insert in lieu
2 thereof the following: "Any funds transferred under this sec-
3 tion for the purpose of furnishing assistance under section
4 201 shall be available only for furnishing assistance on terms
5 of repayment in accordance with section 505, for furnish-
6 ing surplus agricultural commodities under section 402, or
7 for making grants for regional projects involving two or
8 more beneficiary nations."

9 (b) In section 507, which relates to availability of
10 funds, after "students)," insert "and other provisions of this
11 Act,".

12 (c) In section 509, which relates to shipping on United
13 States vessels, after "this Act" in the last sentence thereof,
14 insert "or the Agricultural Trade Development and Assist-
15 ance Act of 1954, as amended (7 U. S. C. 1691 and the
16 following),".

17 SEC. 10. Title V, chapter 2, of the Mutual Security Act
18 of 1954, as amended, which relates to organization and
19 administration, is further amended as follows:

20 (a) In section 521, which relates to delegation of author-
21 ity by the President, after "subsection (b)" in subsection
22 (a), insert "and section 413 (b) (4)".

23 (b) Amend section 522, which relates to allocation and
24 reimbursement among agencies, as follows:

1 ~~(1)~~ Add the following at the end of subsection ~~(b)~~:
2 “~~The Administrator of General Services is authorized to~~
3 ~~maintain in a separate consolidated account, which shall be~~
4 ~~free from fiscal year limitations, payments received by the~~
5 ~~General Services Administration for administrative sur-~~
6 ~~charges in connection with procurement services performed~~
7 ~~by the General Services Administration in furtherance of the~~
8 ~~purposes of this Act. Such payments shall be in amounts~~
9 ~~mutually acceptable to the General Services Administration~~
10 ~~and the agency administering nonmilitary assistance, and~~
11 ~~these amounts shall be available for administrative expenses~~
12 ~~incurred by the General Services Administration in perform-~~
13 ~~ing such procurement services.”~~

14 ~~(2)~~ Add the following new subsection:

15 “~~(f)~~ Any appropriation made to carry out the pro-
16 visions of this Act may initially be charged, within the limits
17 of available funds, to finance expenses for which funds are
18 available in other appropriations made under this Act: *Pro-*
19 *vided,* That as of the end of the same fiscal year such ex-
20 penses shall be finally charged to applicable appropriations
21 with proper credit to the appropriations initially utilized
22 for financing purposes.”

23 ~~(e)~~ In section 530, which relates to experts and con-
24 sultants or organizations thereof, insert before the period

1 at the end of subsection (a) the following: "*Provided,*
2 That contracts for such employment with such organizations
3 may be renewed annually".

4 (d) In section 532, which relates to exemption of per-
5 sonnel from certain Federal laws, add the following at the
6 end of subsection (a): "Contracts for the employment of
7 retired military personnel as experts or consultants under
8 section 530 (a) may be renewed annually, notwithstanding
9 section 15 of the Act of August 2, 1946 (5 U. S. C. 55a)."

10 (e) Amend section 535, which relates to cooperation
11 with international organizations, as follows:

12 (1) Insert "NATIONS AND" after "WITH" in the
13 title.

14 (2) Amend subsection (b) to read as follows:

15 "(b) Whenever the President determines it to be in fur-
16 therance of the purposes of this Act, United States Govern-
17 ment agencies, on request of international organizations, are
18 authorized to furnish supplies, materials, and services, and on
19 request of nations, are authorized to furnish nonmilitary sup-
20 plies, materials, and services, to such organizations and na-
21 tions on an advance of funds or reimbursement basis. Such
22 advances, or reimbursements which are received under this
23 subsection without one hundred eighty days after the close of
24 the fiscal year in which such supplies, materials, and services
25 are delivered, may be credited to the current applicable ap-

1 appropriation or fund of the agency concerned and shall be
2 available for the purposes for which such appropriations and
3 funds are authorized to be used."

4 (f) Add the following new section:

5 "SEC. 537. PROVISIONS ON USES OF FUNDS.—

6 "(a) Appropriations for the purposes of this Act (except
7 for chapter 1 of title I and section 124), allocations to any
8 United States Government agency, from other appropria-
9 tions, for functions directly related to the purposes of this
10 Act, and funds made available for other purposes to any
11 agency administering nonmilitary assistance, shall, except as
12 may subsequently be otherwise provided by law, be available
13 for the purposes specified in section 102 of the Mutual Secur-
14 ity Appropriation Act, 1956 (subject each fiscal year to the
15 limitations on the amounts of funds which can be used for
16 such purposes); in section 2 of Public Law 495, Eighty-third
17 Congress (with respect to the remains of persons or members
18 of the families of persons who may die while away from their
19 homes participating in activities under this Act or other Acts
20 directly related to the purposes of this Act); and in section
21 902 of the Foreign Service Act of 1946, as amended (with
22 respect to chiefs of mission appointed pursuant to section
23 526 of this Act); and for the purchase of passenger motor
24 vehicles: *Provided*, That passenger motor vehicles for

1 administrative purposes may be purchased only as specified
2 in section 102 of the Mutual Security Appropriation Act,
3 1956, or as specifically otherwise provided by law.

4 “(b) United States Government agencies are authorized
5 to pay the costs of health and accident insurance for foreign
6 participants in any exchange of persons program or any
7 program of furnishing technical information and assistance
8 administered by any such agency while such participants
9 are en route or absent from their homes for purposes of
10 participation in any such program.”

11 Sec. 11, Title V, chapter 3, of the Mutual Security
12 Act of 1954, as amended, which relates to repeal and mis-
13 cellaneous provisions, is further amended as follows:

14 (a) Amend section 544, which relates to amendments
15 to other laws, by adding the following new subsections:

16 “(c) In section 4 of the Act of May 26, 1949 (63
17 Stat. 111, 5 U. S. C. 151c), insert after the words ‘such
18 functions’ the following: ‘, including if he shall so specify
19 the authority successively to redelegate any of such func-
20 tions.’”

21 “(d) In the first sentence of section 32 (b) (2) of the
22 Surplus Property Act of 1944, as amended (50 U. S. C.
23 App. 1641 (b) (2)), after ‘any agency thereof’, insert
24 ‘including amounts received in repayment of principal or

1 interest on any loan made under section 505 (b) of the
2 Mutual Security Act of 1954, as amended.

3 “(e) Section 933 of the Foreign Service Act of 1946,
4 as amended (22 U. S. C. 1148), is hereby amended by
5 inserting after ‘continental United States’ where it appears
6 in both subsection (a) and subsection (b) of that section
7 ‘, its Territories and possessions.’

8 “(f) Section 1441 (e) of the Internal Revenue Code
9 of 1954 is hereby amended by inserting after paragraph (5)
10 the following new paragraph:

11 ““(6) PER DIEM OF CERTAIN ALIENS.—No deduc-
12 tion or withholding under subsection (a) shall be re-
13 quired in the case of amounts of per diem for subsistence
14 paid by the United States Government (directly or by
15 contract) to any non-resident alien individual who is
16 engaged in any program of training in the United States
17 under the Mutual Security Act of 1954, as amended.”

18 “(g) Section 1011 of the United States Information and
19 Educational Exchange Act of 1948, as amended (22 U. S. C.
20 1442), is amended by inserting ‘(a)’ before ‘The Director’,
21 by deleting everything after the words ‘national interests
22 of the United States’, by inserting a period at that point,
23 and by inserting the following new subsections:

24 ““(b) The Director is authorized to assume the obliga-
25 tion of not to exceed \$28,000,000 of the notes authorized

1 to be issued pursuant to subsection 411 ~~(e) (2)~~ of the
2 Economic Cooperation Act of 1948, as amended ~~(22~~
3 U. S. C. 1509 ~~(e) (2)~~), together with the interest accrued
4 and unpaid thereon, and to obtain advances from time to
5 time from the Secretary of the Treasury up to such amount,
6 less amounts previously advanced on such notes, as provided
7 for in said notes. Such advances shall be deposited in a
8 special account in the Treasury available for payments
9 under informational media guaranties.

10 “ ~~(c)~~ The Director is authorized to make informational
11 media guaranties without regard to the limitations of time
12 contained in subsection 413 ~~(b) (4)~~ of the Mutual Se-
13 curity Act of 1954, as amended ~~(22 U. S. C. 1933 (b)~~
14 ~~(4)~~), but the total of such guaranties outstanding at any
15 one time shall not exceed the sum of the face amount of
16 the notes assumed by the Director less the amounts pre-
17 viously advanced on such notes by the Secretary of the
18 Treasury plus the amount of the funds in the special account
19 referred to in subsection ~~(b)~~.

20 “ ~~(d)~~ Foreign currencies available after June 30, 1955,
21 from conversions made pursuant to the obligation of infor-
22 mational media guaranties may be sold, in accordance with
23 Treasury Department regulations, for dollars which shall be
24 deposited in the special account and shall be available for
25 payments under new guaranties.

1 “~~(c)~~ Notwithstanding the provisions of subparagraph
2 413 (b) (4) ~~(E)~~ of the Mutual Security Act of 1954, as
3 amended ~~(22 U. S. C. 1933 (b) (4) (E))~~, (1) fees
4 collected for the issuance of informational media guaranties;
5 shall be deposited in the special account and shall be avail-
6 able for payments under informational media guaranties;
7 and ~~(2)~~ the Director may require the payment of a mini-
8 mum charge of up to fifty dollars for issuance of guaranty
9 contracts, or amendments thereto.

10 “~~(f)~~ The Director is further authorized under such
11 terms as he may prescribe, to make advance payments
12 under informational media guaranties: *Provided*, That cur-
13 rencies receivable from holders of such guaranties on account
14 of such advance payments shall be paid to the United
15 States within nine months from the date of the advance
16 payment and that appropriate security to assure such pay-
17 ments is required before any advance payment is made.

18 “~~(g)~~ As soon as feasible after the enactment of this
19 subsection, all assets, liabilities, income, expenses, and charges
20 of whatever kind pertaining to informational media guar-
21 anties, including any charges against the authority to issue
22 notes provided in section 111 ~~(c) (2)~~ of the Economic
23 Cooperation Act of 1948, as amended, cumulative from the
24 enactment of that Act, shall be accounted for separately from
25 other guaranties issued pursuant to subsection 413 (b) of

1 the Mutual Security Act of 1954, as amended (~~22 U. S. C.~~
2 ~~1933 (b)~~): *Provided*, That there shall be transferred from
3 the special account established pursuant to subsection (a),
4 into the account available for payments under guaranties
5 other than informational media guaranties, an amount equal
6 to the total of the fees received for the issuance of guar-
7 anties other than informational media guaranties, and used
8 to make payments under informational media guaranties.'"

9 ~~(b)~~ Amend section 545, which relates to definitions, as
10 follows:

11 ~~(1)~~ Add at the end of subsection (h) the following:
12 "Notwithstanding the foregoing provisions of this subsection
13 (h) and for the purpose of establishing a more equitable
14 pricing system for transactions between the military depart-
15 ments and the Mutual Defense Assistance Program, the
16 Secretary of Defense shall prescribe at the earliest practicable
17 date, through appropriate pricing regulations of uniform ap-
18 plicability, the term 'value' (except in the case of excess
19 equipment or materials) shall mean—

20 " ~~(1)~~ the price of equipment or materials obtaining
21 for similar transactions between the Armed Forces
22 the United States; or

23 " ~~(2)~~ where there are no similar transactions within
24 the meaning of paragraph (1), the gross cost to the

1 United States adjusted as appropriate for condition and
2 market value.”

3 ~~(2)~~ Add the following new subsections:

4 “~~(j)~~ The term ‘agency administering nonmilitary assist-
5 ance’ shall refer to any agency to which authorities and func-
6 tions under chapter 3 of title I, title II, title III, or title IV
7 of this Act are delegated or assigned pursuant to authority
8 contained in sections 521 and 525 of this Act.

9 “~~(k)~~ The term ‘officer administering nonmilitary assist-
10 ance’ shall refer to any officer to whom authorities and func-
11 tions under chapter 3 of title I, title II, title III, or title IV
12 of this Act are delegated or assigned pursuant to authority
13 contained in sections 521 and 525 of this Act.”

14 ~~(c)~~ In section 548, which relates to unexpended bal-
15 ances, strike out “heretofore”, substitute “1957” for “1956”,
16 and strike out the colon and the remainder of the sentence
17 following “Act” the second time it appears and insert a
18 period.

19 ~~(d)~~ Add the following new section:

20 SEC. 550. SPECIAL PROVISION ON AVAILABILITY OF
21 FUNDS.—An amount equal to 25 per centum of the funds
22 authorized to be appropriated for any fiscal year for purposes
23 of chapter 3 of title I, title III, or section 403 of this Act
24 is authorized to be continued available for three months

1 beyond the end of the fiscal year for which appropriated."

2 FOREIGN RESEARCH REACTOR PROJECTS

3 SEC. 12. (a) *As one means of furthering peaceful uses*
4 *of atomic energy on an international basis, there is hereby*
5 *authorized to be appropriated to the President for the fiscal*
6 *year 1957 not to exceed \$5,950,000 for use by the Presi-*
7 *dent, on such terms and conditions as he may specify, for*
8 *research reactor projects undertaken or authorized by foreign*
9 *governments which shall have entered into agreements for*
10 *cooperation with the Government of the United States con-*
11 *cerning the peaceful uses of atomic energy.*

12 (b) Nothing in this section shall alter, amend, revoke,
13 repeal, or otherwise affect the provisions of the Atomic
14 Energy Act of 1954.

15 (c) The United States share of the cost of any reactor
16 made available to another government or to other govern-
17 ments shall not exceed \$350,000.

18 (d) In carrying out the purposes of this section the
19 Director, the Atomic Energy Commission, and other United
20 States departments and agencies shall give full and con-
21 tinuous publicity through the press, radio, and all other
22 available media, so as to inform the peoples of the partici-
23 pating countries regarding the assistance, including its
24 purpose, source, and character, furnished by the United
25 States. Such portions of the equipment furnished under

1 this section as may be appropriately ~~die~~ stamped as a
2 product of the United States shall be ~~so~~ stamped.
3 That this Act may be cited as the "Mutual Security Act of
4 1956".

5 *SEC. 2. The Mutual Security Act of 1954, as amended,*
6 *is further amended by redesignating section 549, a statement*
7 *of Congressional policy, as section 2, by inserting it im-*
8 *mediately after the first section of the Act and before title I,*
9 *and by amending it to read as follows:*

10 *"SEC. 2. STATEMENT OF POLICY.—(a) The Congress*
11 *of the United States recognizes that the peace of the world*
12 *and the security of the United States are endangered as*
13 *long as international communism and the nations it controls*
14 *continue by threat of military action, use of economic pres-*
15 *sure, internal subversion, or other means, to attempt to bring*
16 *under their domination peoples now free and independent,*
17 *and continue to deny the rights of freedom and self-govern-*
18 *ment to peoples and nations once free but now subject to such*
19 *domination. The Congress therefore declares it to be the pol-*
20 *icy of the United States to continue, as long as such danger*
21 *persists, to make available to free nations and peoples upon re-*
22 *quest assistance of such nature and in such amounts as the*
23 *United States deems advisable compatible with its own stability,*

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1 *strength, and other obligations, and as may be needed and*
2 *effectively used by such free nations and peoples to help them*
3 *maintain their freedom.*

4 *“(b) It is the sense of the Congress that inasmuch as—*

5 *“(1) the United States, through mutual security pro-*
6 *grams, has made substantial contributions to the eco-*
7 *nomie recovery and rehabilitation of the nations of*
8 *Western Europe;*

9 *“(2) due in part to those programs, it has been pos-*
10 *sible for such nations to achieve complete economic re-*
11 *covery and to regain their military strength; and*

12 *“(3) certain other friendly nations of the world re-*
13 *main in need of assistance in order that they may defend*
14 *themselves against aggression and contribute to the secur-*
15 *ity of the free world,*

16 *those nations that have been assisted in their recovery should,*
17 *in the future, share with the United States to a greater*
18 *extent the financial burden of providing aid to those coun-*
19 *tries which are still in need of assistance of the type provided*
20 *under this Act.*

21 *“(c) It is the sense of the Congress that assistance under*
22 *this Act shall be administered so as to assist other peoples in*
23 *their efforts to achieve self-government or independence under*
24 *circumstances which will enable them to assume an equal*

1 station among the free nations of the world and to fulfill
2 their responsibilities for self-government or independence.

3 “(d) It is the sense of the Congress that assistance fur-
4 nished out of funds hereafter made available for aid to the
5 newly independent states in Africa should be furnished in the
6 same manner as in the case of other independent states.”

7 SEC. 3. Title I, chapter 1, of the Mutual Security Act
8 of 1954, as amended, which relates to military assistance,
9 is further amended as follows:

10 (a) In section 103 (a), which relates to authorizations,
11 add the following new paragraphs:

12 “(3) There is hereby authorized to be appropriated to
13 the President to carry out the purposes of this chapter not to
14 exceed \$925,000,000 which shall remain available until
15 expended.

16 “(4) In addition to the authorization in paragraph (3)
17 of this subsection, there is hereby authorized to be appro-
18 priated to the President not to exceed \$1,600,000,000 to
19 remain available until expended and to be used only for the
20 purpose of purchasing equipment and materials for the
21 Armed Forces of the United States, in replacement for
22 equipment and materials of a corresponding value which
23 the Secretary of Defense is hereby authorized to furnish
24 from Department of Defense stocks in accordance with the

1 *terms of this Act applicable to military assistance and within*
2 *the limits of appropriations made pursuant to this authoriza-*
3 *tion. In the discretion of the Secretary of Defense, the De-*
4 *partment of Defense may use such appropriations for re-*
5 *placement in advance of delivery of such equipment and*
6 *materials in the possession of the Department of Defense*
7 *or may incur, in applicable appropriations, obligations in*
8 *anticipation of reimbursement from such appropriations for*
9 *replacement."*

10 *(b) In section 105 strike out subsections (c) and (d),*
11 *and strike out the reference to subsection (d) in section 513.*

12 *SEC. 4. Title I, chapter 3, of the Mutual Security Act*
13 *of 1954, as amended, which relates to defense support, is*
14 *further amended by substituting a semicolon for the period*
15 *after "Asia" in subsection (c) of section 131 and inserting*
16 *thereafter the following:*

17 *"and for the fiscal year 1957 not to exceed—*

18 *"(1) \$78,700,000 for Europe (excluding Greece*
19 *and Turkey);*

20 *"(2) \$170,000,000 for the Near East (including*
21 *Greece and Turkey) and Africa;*

22 *"(3) \$882,000,000 for Asia; and*

23 *"(4) \$37,000,000 for Latin America.*

24 *"Funds made available under paragraph (4) may be*
25 *used to furnish assistance designed to sustain and increase*

1 *military effort or political or economic stability, and may be*
2 *used without regard to the requirements of sections 141 and*
3 *142 in the case of any nation which is a party to the Inter-*
4 *American Treaty of Reciprocal Assistance and which has*
5 *adhered to the resolution of 1954 entitled 'Declaration of*
6 *Solidarity for the Preservation of the Political Integrity of*
7 *the American States against the Intervention of International*
8 *Communism'."*

9 *SEC. 5. Title I, chapter 4, of the Mutual Security Act of*
10 *1954, as amended, which contains general provisions relat-*
11 *ing to mutual defense assistance, is amended by adding at*
12 *the end thereof the following new section:*

13 *"SEC. 143. Notwithstanding any other provision of*
14 *law, no assistance under this title or any other title of this*
15 *Act, or under any provision of law repealed by section 542*
16 *(a) of this Act, shall be furnished to Yugoslavia after the*
17 *expiration of ninety days following the date of the enact-*
18 *ment of this section, unless the President finds (1) that*
19 *there has been no change in the Yugoslavian policies on the*
20 *basis of which assistance under this Act has been furnished*
21 *to Yugoslavia in the past, and that Yugoslavia is independ-*
22 *ent of control by the Soviet Union, and (2) that it is in*
23 *the interest of the national security of the United States to*
24 *continue the furnishing of assistance to Yugoslavia under*
25 *this Act."*

1 *SEC. 6. For the purpose of authorizing appropriations*
2 *totaling \$243,000,000 for programs covered by this section,*
3 *and for other purposes, the Mutual Security Act of 1954, as*
4 *amended, is further amended as follows:*

5 *(a) Amend title II, which relates to development assist-*
6 *ance, as follows:*

7 *(1) Add in section 201 the following new subsections:*

8 *“(d) There is hereby authorized to be appropriated to*
9 *the President for the fiscal year 1957 not to exceed \$63,000,-*
10 *000 and \$80,000,000 to furnish assistance under paragraphs*
11 *(1) and (2), respectively, of subsection (a) of this section.*

12 *“(e) Funds made available under this title may be used for*
13 *expenses (other than those provided for under section 411 (c)*
14 *of this Act) to assist in carrying out functions under the*
15 *Agricultural Trade Development and Assistance Act of 1954,*
16 *as amended (7 U. S. C. 1691 and the following) delegated*
17 *or assigned to any agency or officer administering nonmilitary*
18 *assistance.”*

19 *(2) Add the following new section:*

20 *“SEC. 203. REQUIREMENT REGARDING FURNISHING*
21 *ASSISTANCE ON TERMS OF REPAYMENT.—Seventy-five*
22 *per centum of the assistance furnished from funds made avail-*
23 *able after the date of enactment of the Mutual Security Act*
24 *of 1956 under this title or under section 420 may be pro-*
25 *vided only on terms of repayment, except (1) when such*

1 funds are used to finance sales of surplus agricultural com-
2 modities under section 402, or (2) when granted for the
3 purpose of a regional project involving two or more benefi-
4 ciary nations.”

5 (b) In title IV, which relates to other programs, add the
6 following new section:

7 “SEC. 420. SPECIAL AUTHORIZATION FOR THE MID-
8 DLE EAST AND AFRICA.—There is hereby authorized to be
9 appropriated to the President for the fiscal year 1957 not to
10 exceed \$100,000,000 for assistance in the general area of
11 the Middle East and Africa in accordance with provisions
12 of this Act applicable to the furnishing of assistance under
13 chapter 3 of title I, title II, title III, or section 407.”

14 SEC. 7. Title III of the Mutual Security Act of 1954,
15 as amended, which relates to technical cooperation, is further
16 amended as follows:

17 (a) In section 304 (b), which relates to authorization,
18 after “\$146,500,000”, insert “, and for the fiscal year 1957
19 not to exceed \$140,500,000,”.

20 (b) In section 306, which relates to multilateral tech-
21 nical cooperation:

22 (1) In subsection (a), which relates to contributions
23 to the United Nations Expanded Program of Technical As-
24 sistance, strike out all following “1956” and substitute “, and
25 \$15,500,000 for the fiscal year 1957, for such contributions;”.

1 (2) In subsection (b), which relates to contributions
2 to the technical cooperation programs of the Organization of
3 American States, strike out all following "1956" and substi-
4 tute ", and \$1,500,000 for the fiscal year 1957, for such
5 contributions."

6 (c) In section 307, which relates to advances, grants,
7 and contracts, strike out all following "Congress," in the last
8 sentence thereof and substitute "extend at any time for not
9 more than three years."

10 SEC. 8. Title IV of the Mutual Security Act of 1954, as
11 amended, which relates to other programs, is further
12 amended as follows:

13 (a) Amend section 401, which relates to special fund,
14 as follows:

15 (1) In the first sentence of subsection (a), strike out
16 "\$50,000,000" and substitute "\$150,000,000"; and in the
17 last sentence of such subsection strike out "\$20,000,000"
18 and substitute "\$30,000,000".

19 (2) In the second sentence of subsection (a), strike out
20 the words "and Austria".

21 (3) In subsection (b), after "\$100,000,000", insert
22 ", and for the fiscal year 1957 not to exceed \$100,000,000,".

23 (b) In section 402, which relates to earmarking of

1 funds, after "\$300,000,000", insert ", and of the funds so
2 authorized for the fiscal year 1957 not less than
3 \$250,000,000,".

4 (c) In section 403 (b), which relates to special assist-
5 ance in joint control areas, after "\$21,000,000", insert "
6 and for the fiscal year 1957 not to exceed \$12,200,000,".

7 (d) Amend section 405, which relates to migrants,
8 refugees, and escapees, as follows:

9 (1) In subsection (c), after "\$1,400,000", insert ", and
10 for the fiscal year 1957 not to exceed \$2,300,000,".

11 (2) In subsection (d), after "\$6,000,000", insert "
12 and for the fiscal year 1957 not to exceed \$7,000,000,".

13 (e) In section 406 (b), which relates to children's wel-
14 fare, after "\$14,500,000", insert ", and for the fiscal year
15 1957 not to exceed \$10,000,000,".

16 (f) In section 407 (b), which relates to Palestine ref-
17 ugees in the Near East, strike out "for the fiscal year 1956".

18 (g) Amend section 409, which relates to ocean freight
19 charges, by inserting in subsection (c), after "\$2,000,000"
20 in the last sentence thereof, the phrase "
21 year 1957 not to exceed \$3,000,000,".

22 (h) In section 410, which relates to Control Act ex-
23 penses, after "\$1,175,000," in the first sentence thereof, in-

1 *sert "and for the fiscal year 1957 not to exceed*
2 *\$1,175,000,".*

3 *(i) Amend section 411, which relates to administrative*
4 *and other expenses, as follows:*

5 *(1) In subsection (b), strike out all that follows "\$35,-*
6 *225,000," and insert "and for the fiscal year 1957 not to*
7 *exceed \$35,250,000, for necessary administrative expenses*
8 *incident to carrying out the provisions of this Act (other*
9 *than chapter 1 of title I and section 124)."*

10 *(2) Redesignate subsection "(c)" as subsection "(e)",*
11 *and insert after subsection (b) the following new sub-*
12 *sections:*

13 *"(c) Not to exceed \$1,500,000 of funds made available*
14 *under title II may be transferred in the fiscal year 1957*
15 *for necessary administrative expenses not otherwise provided*
16 *for incident to carrying out functions under the Agricultural*
17 *Trade Development and Assistance Act of 1954, as amended*
18 *(7 U. S. C. 1691 and the following), delegated or assigned*
19 *to any agency or officer administering nonmilitary assistance,*
20 *and the amounts so transferred shall be consolidated with*
21 *funds made available pursuant to this section for said fiscal*
22 *year.*

23 *"(d) There are authorized to be appropriated to the*
24 *Department of State such amounts, not to exceed \$7,000,000*
25 *in any fiscal year, as may be necessary from time to time*

1 for administrative expenses which are incurred for normal
2 functions of the Department which relate to functions under
3 this Act.”

4 (j) In section 413 (b) (2), after “to encourage and
5 facilitate the flow of private investment to”, insert “, and its
6 equitable treatment in,”.

7 (k) Amend section 413 (b) (4) as follows:

8 (1) Substitute “June 30, 1967” for “June 30, 1957”.

9 (2) Amend subparagraph (F) to read as follows:

10 “(F) the President is authorized to issue guaranties
11 up to a total face value of \$500,000,000 exclusive of
12 informational media guaranties heretofore and hereafter
13 issued pursuant to section 1011 of the Act of January
14 27, 1948, as amended (22 U. S. C. 1442), and section
15 111 (b) (3) of the Economic Cooperation Act of 1948,
16 as amended (22 U. S. C. 1509 (b) (3)): Provided,
17 That any funds allocated to a guaranty and remaining
18 after all liability of the United States assumed in con-
19 nection therewith has been released, discharged, or
20 otherwise terminated, and funds realized after June 30,
21 1955, from the sale of currencies or other assets acquired
22 pursuant to subparagraph (C), shall be available for
23 allocation to other guaranties, and the foregoing limi-
24 tation shall be increased to the extent that such funds
25 become available. Any payments made to discharge

1 *liabilities under guaranties issued under this paragraph*
2 *shall be paid out of fees collected under subparagraph*
3 *(E) as long as such fees are available, and thereafter*
4 *shall be paid out of funds realized from the sale of cur-*
5 *rencies or other assets acquired pursuant to sub-*
6 *paragraph (C) and notes which have been issued*
7 *under authority of paragraph 111 (c) (2) of the Eco-*
8 *nomie Cooperation Act of 1948, as amended, and au-*
9 *thorized to be issued under this paragraph by the Director*
10 *of the International Cooperation Administration, when*
11 *necessary to discharge liabilities under any such guaranty:*
12 *Provided, That all guaranties issued after June 30, 1956,*
13 *pursuant to this paragraph shall be considered for the*
14 *purposes of sections 3679 (31 U. S. C. 665) and 3732*
15 *(41 U. S. C. 11) of the Revised Statutes, as amended,*
16 *as obligations only to the extent of the probable ul-*
17 *imate net cost to the United States of such guaranties;*
18 *and the President shall, in the submission to the Con-*
19 *gress of the reports required by section 534 of this Act,*
20 *include information on the operation of this paragraph:*
21 *Provided further, That at all times funds shall be allo-*
22 *cated to all outstanding guaranties issued prior to July*
23 *1, 1956, exclusive of informational media guaranties*
24 *issued pursuant to section 1011 of the Act of January*
25 *27, 1948, as amended (22 U. S. C. 1442), and section*

1 111 (b) (3) of the Economic Cooperation Act of
2 1948, as amended, equal to the sum of the face value
3 of said guaranties. For the purpose of this paragraph
4 the Director of the International Cooperation Admin-
5 istration is authorized to issue notes (in addition to
6 the notes heretofore issued pursuant to paragraph 111
7 (c) (2) of the Economic Cooperation Act of 1948,
8 as amended) in an amount not to exceed \$37,500,000,
9 and on the same terms and conditions applicable to notes
10 issued pursuant to said paragraph 111 (c) (2).”

11 (l) Add the following new section:

12 “SEC. 421. FOOD AND AGRICULTURE ORGANIZA-
13 TION.—Public Law 174, Seventy-ninth Congress, as
14 amended by section 1 (b) of Public Law 806, Eighty-first
15 Congress, is hereby further amended by striking out the
16 figure ‘\$2,000,000’ in section 2 thereof and inserting in lieu
17 thereof the figure ‘\$3,000,000’, and by inserting before the
18 period at the end of such section a colon and the following:
19 ‘Provided, That the percentage contribution of the United
20 States to the total annual budget of the Organization shall
21 not exceed 31.5 per centum’.”

22 SEC. 9. Title V, chapter 1, of the Mutual Security Act
23 of 1954, as amended, which relates to general provisions, is
24 further amended as follows:

1 (a) In section 501, which relates to transferability of
2 funds, strike out the last three sentences.

3 (b) In section 502 (b), which relates to use of foreign
4 currencies by committees of Congress, after "Joint Committee
5 on the Economic Report" insert "and the Senate Select Com-
6 mittee on Small Business".

7 (c) Amend section 507, which relates to availability of
8 funds, to read as follows:

9 "SEC. 507. Availability of Funds.—Except as otherwise
10 provided in this Act, funds shall be available to carry out the
11 provisions of this Act (other than sections 414 and 416) as
12 authorized and appropriated to the President each fiscal
13 year."

14 (d) In section 509, which relates to shipping on United
15 States vessels, after "this Act" in the last sentence thereof,
16 insert "or the Agricultural Trade Development and Assist-
17 ance Act of 1954, as amended (7 U. S. C. 1691 and the
18 following);".

19 SEC. 10. Title V, chapter 2, of the Mutual Security Act
20 of 1954, as amended, which relates to organization and
21 administration, is further amended as follows:

1 (a) Amend section 522, which relates to allocation and
2 reimbursement among agencies, as follows:

3 (1) Add the following at the end of subsection (b):
4 “The Administrator of General Services is authorized to
5 maintain in a separate consolidated account, which shall be
6 free from fiscal year limitations, payments received by the
7 General Services Administration for administrative sur-
8 charges in connection with procurement services performed
9 by the General Services Administration in furtherance of the
10 purposes of this Act. Such payments shall be in amounts
11 mutually acceptable to the General Services Administration
12 and the United States Government agency which finances
13 the procurement, and these amounts shall be available for
14 administrative expenses incurred by the General Services
15 Administration in performing such procurement services.”

16 (2) Add the following new subsection:

17 “(f) Any appropriation made to carry out the pro-
18 visions of this Act may initially be charged, within the limits
19 of available funds, to finance expenses for which funds are
20 available in other appropriations made under this Act: Pro-
21 vided, That as of the end of the same fiscal year such ex-
22 penses shall be finally charged to applicable appropriations
23 with proper credit to the appropriations initially utilized
24 for financing purposes.”

25 (b) In section 530, which relates to experts and con-

1 *sultants or organizations thereof, insert before the period*
2 *at the end of subsection (a) the following: “: Provided,*
3 *That contracts for such employment with such organizations*
4 *may be renewed annually”.*

5 *(c) Amend section 535, which relates to cooperation*
6 *with international organizations, as follows:*

7 *(1) Insert “NATIONS AND” after “WITH” in the*
8 *title.*

9 *(2) Amend subsection (b) to read as follows:*

10 *“(b) Whenever the President determines it to be in fur-*
11 *therance of the purposes and within the limitations of this*
12 *Act, United States Government agencies, on request of*
13 *international organizations, are authorized to furnish sup-*
14 *plies, materials, and services, and on request of nations, are*
15 *authorized to furnish nonmilitary supplies, materials, and*
16 *services, to such organizations and nations on an advance*
17 *of funds or reimbursement basis. Such advances, or re-*
18 *imbursements which are received under this subsection within*
19 *one hundred and eighty days after the close of the fiscal year*
20 *in which such supplies, materials, and services are delivered,*
21 *may be credited to the current applicable appropriation or*
22 *fund of the agency concerned and shall be available for the*
23 *purposes for which such appropriations and funds are*
24 *authorized to be used.”*

25 *(d) Add the following new section:*

1 “*SEC. 537. PROVISIONS ON USES OF FUNDS.—*

2 “*(a) Appropriations for the purposes of this Act (ex-*
3 *cept for chapter 1 of title I and section 124), allocations to*
4 *any United States Government agency, from other appro-*
5 *priations, for functions directly related to the purposes of*
6 *this Act, and funds made available for other purposes to*
7 *any agency administering nonmilitary assistance, shall be*
8 *available for:*

9 “*(1) rents in the District of Columbia for the*
10 *fiscal year 1957;*

11 “*(2) expenses of attendance at meetings con-*
12 *cerned with the purposes of such appropriations, in-*
13 *cluding (notwithstanding the provisions of section 9*
14 *of the Act of March 4, 1909 (31 U. S. C. 673)), ex-*
15 *penses in connection with meetings of persons whose*
16 *employment is authorized by section 530 of this Act;*

17 “*(3) employment of aliens, by contract, for serv-*
18 *ices abroad;*

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

23 “*(5) purchase and hire of passenger motor vehicles:*
24 *Provided, That, except as may otherwise be provided in*
25 *an appropriation or other Act, passenger motor vehicles*

1 *abroad for administrative purposes may be purchased*
2 *for replacement only and such vehicles may be ex-*
3 *changed or sold and replaced by an equal number of*
4 *such vehicles and the cost, including exchange allow-*
5 *ance, of each such replacement shall not exceed \$3,300*
6 *in the case of an automobile for the chief of any special*
7 *mission or staff abroad established under section 526 of*
8 *this Act: Provided further, That passenger motor*
9 *vehicles may be purchased for use in the continental*
10 *United States only as may be specifically provided in*
11 *an appropriation or other Act;*

12 *“(6) entertainment within the United States (not*
13 *to exceed \$15,000 in any fiscal year except as may*
14 *otherwise be provided in an appropriation or other*
15 *Act);*

16 *“(7) exchange of funds without regard to section*
17 *3651 of the Revised Statutes (31 U. S. C. 543), and*
18 *loss by exchange;*

19 *“(8) expenditures (not to exceed \$50,000 in any*
20 *fiscal year except as may otherwise be provided in an*
21 *appropriation or other Act) of a confidential character*
22 *other than entertainment, provided that a certificate of*
23 *the amount of each such expenditure, the nature of*
24 *which it is considered inadvisable to specify, shall be*
25 *made by an officer administering nonmilitary assistance,*

1 or such person as he may designate, and every such
2 certificate shall be deemed a sufficient voucher for the
3 amount therein specified;

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

6 “(10) rental of quarters outside the continental
7 limits of the United States to house employees of the
8 United States Government (without regard to section
9 322 of the Act of June 30, 1932, as amended (40
10 U. S. C. 278a)), lease, necessary repairs and altera-
11 tions to quarters;

12 “(11) actual expenses of preparing and transport-
13 ing to their former homes in the United States or else-
14 where, and of care and disposition of, the remains of
15 persons or members of the families of persons who may
16 die while such persons are away from their homes par-
17 ticipating in activities carried out with funds covered by
18 this subsection (a);

19 “(12) purchase of uniforms;

20 “(13) payment of per diem in lieu of subsistence
21 to foreign participants engaged in any program of fur-
22 nishing technical information and assistance, while such
23 participants are away from their homes in countries other
24 than the continental United States, at rates not in excess
25 of those prescribed by the Standardized Government

1 *Travel Regulations, notwithstanding any other provision*
2 *of law;*

3 “(14) expenses authorized by the Foreign Service
4 *Act of 1946, as amended (22 U. S. C 801 and the*
5 *following), not otherwise provided for;*

6 “(15) ice and drinking water for use abroad;

7 “(16) services of commissioned officers of the Pub-
8 *lic Health Service and of the Coast and Geodetic Survey,*
9 *and for the purposes of providing such services the Pub-*
10 *lic Health Service may appoint not to exceed twenty offi-*
11 *cers in the regular corps to grades above that of senior*
12 *assistant, but not above that of director, as otherwise*
13 *authorized in accordance with section 711 of the Act*
14 *of July 1, 1944, as amended (42 U. S. C. 211a), and*
15 *the Coast and Geodetic Survey may appoint for such*
16 *purposes not to exceed twenty commissioned officers in*
17 *addition to those otherwise authorized;*

18 “(17) expenses in connection with travel of per-
19 *sonnel outside the continental United States, including*
20 *travel expenses of dependents (including expenses dur-*
21 *ing necessary stopovers while engaged in such travel)*
22 *and transportation of personal effects, household goods,*
23 *and automobiles of such personnel when any part of such*
24 *travel or transportation begins in one fiscal year pursu-*
25 *ant to travel orders issued in that fiscal year, notwith-*

1 *standing the fact that such travel or transportation may*
2 *not be completed during that same fiscal year, and cost of*
3 *transporting to and from a place of storage, and the*
4 *cost of storing, the furniture and household and personal*
5 *effects of any employee (i) for not to exceed three*
6 *months after first arrival at a new post, (ii) when an*
7 *employee is assigned to a post to which he cannot take,*
8 *or at which he is unable to use, his furniture and house-*
9 *hold and personal effects, or (iii) when such storage*
10 *would avoid the cost of transporting such furniture and*
11 *effects from one location to another, under such regula-*
12 *tions as an officer administering nonmilitary assistance,*
13 *or such person as he may designate, may prescribe.*

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

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

25 *“(c) Not to exceed \$12,000,000 of the funds available*

1 *in the fiscal year 1957 for assistance in Korea under this*
2 *Act may be used by the President to construct or otherwise*
3 *acquire living quarters, office space, and supporting facilities*
4 *in Korea for use by personnel carrying out activities under*
5 *this Act."*

6 *SEC. 11. Title V, chapter 3, of the Mutual Security*
7 *Act of 1954, as amended, which relates to repeal and mis-*
8 *cellaneous provisions, is further amended as follows:*

9 *(a) Amend section 544, which relates to amendments*
10 *to other laws, by adding the following new subsections:*

11 *"(c) In section 4 of the Act of May 26, 1949 (63*
12 *Stat. 111, 5 U. S. C. 151c), insert after the words 'such*
13 *functions' the following: ', including if he shall so specify*
14 *the authority successively to redelegate any of such func-*
15 *tions,'.*

16 *"(d) In the first sentence of section 32 (b) (2) of the*
17 *Surplus Property Act of 1944, as amended (50 U. S. C.*
18 *App. 1641 (b) (2)), after 'any agency thereof', insert*
19 *'including amounts received in repayment of principal or*
20 *interest on any loan made under section 505 (b) of the*
21 *Mutual Security Act of 1954, as amended'.*

22 *"(e) Section 933 of the Foreign Service Act of 1946,*
23 *as amended (22 U. S. C. 1148), is hereby amended by*
24 *inserting after 'continental United States' where it appears*

1 in both subsection (a) and subsection (b) of that section
2 ‘, its Territories and possessions,’.

3 “(f) Section 1441 (c) of the Internal Revenue Code
4 of 1954 is hereby amended by inserting after paragraph (5)
5 the following new paragraph:

6 “(6) *PER DIEM OF CERTAIN ALIENS.*—No deduc-
7 tion or withholding under subsection (a) shall be re-
8 quired in the case of amounts of per diem for subsistence
9 paid by the United States Government (directly or by
10 contract) to any nonresident alien individual who is
11 engaged in any program of training in the United States
12 under the Mutual Security Act of 1954, as amended.’

13 “(g) Section 1011 of the United States Information and
14 Educational Exchange Act of 1948, as amended (22 U. S.
15 C. 1442), is amended by inserting ‘(a)’ before ‘The Director’,
16 by deleting everything after the words ‘national interests
17 of the United States’, by inserting a period at that point, and
18 by inserting the following new subsections:

19 “(b) The Director is authorized to assume the obliga-
20 tion of not to exceed \$28,000,000 of the notes authorized
21 to be issued pursuant to subsection 111 (c) (2) of the
22 Economic Cooperation Act of 1948, as amended (22
23 U. S. C. 1509 (c) (2)), together with the interest accrued
24 and unpaid thereon, and to obtain advances from time to

1 *time from the Secretary of the Treasury up to such amount,*
2 *less amounts previously advanced on such notes, as provided*
3 *for in said notes. Such advances shall be deposited in a*
4 *special account in the Treasury available for payments*
5 *under informational media guaranties.*

6 “(c) *The Director is authorized to make informational*
7 *media guaranties without regard to the limitations of time*
8 *contained in subsection 413 (b) (4) of the Mutual Se-*
9 *curity Act of 1954, as amended (22 U. S. C. 1933 (b)*
10 *(4)), but the total of such guaranties outstanding at any*
11 *one time shall not exceed the sum of the face amount of*
12 *the notes assumed by the Director less the amounts pre-*
13 *viously advanced on such notes by the Secretary of the*
14 *Treasury plus the amount of the funds in the special account*
15 *referred to in subsection (b).*

16 “(d) *Foreign currencies available after June 30,*
17 *1955, from conversions made pursuant to the obligation of*
18 *informational media guaranties may be sold, in accordance*
19 *with Treasury Department regulations, for dollars which*
20 *shall be deposited in the special account and shall be avail-*
21 *able for payments under new guaranties. Such currencies*
22 *shall be available, as may be provided for by the Congress in*
23 *appropriation Acts, for use for educational, scientific, and*
24 *cultural purposes which are in the national interest of the*
25 *United States, and for such other purposes of mutual interest*

1 *as may be agreed to by the governments of the United States*
2 *and the country from which the currencies derive.*

3 “(e) *Notwithstanding the provisions of subparagraph*
4 *413 (b) (4) (E) of the Mutual Security Act of 1954, as*
5 *amended (22 U. S. C. 1933 (b) (4) (E)), (1) fees*
6 *collected for the issuance of informational media guaranties*
7 *shall be deposited in the special account and shall be avail-*
8 *able for payments under informational media guaranties;*
9 *and (2) the Director may require the payment of a mini-*
10 *imum charge of up to fifty dollars for issuance of guaranty*
11 *contracts, or amendments thereto.*

12 “(f) *The Director is further authorized, under such*
13 *terms as he may prescribe, to make advance payments*
14 *under informational media guaranties: Provided, That cur-*
15 *rencies receivable from holders of such guaranties on account*
16 *of such advance payments shall be paid to the United*
17 *States within nine months from the date of the advance*
18 *payment and that appropriate security to assure such pay-*
19 *ments is required before any advance payment is made.*

20 “(g) *As soon as feasible after the enactment of this*
21 *subsection, all assets, liabilities, income, expenses, and charges*
22 *of whatever kind pertaining to informational media guar-*
23 *anties, including any charges against the authority to issue*
24 *notes provided in section 111 (c) (2) of the Economic*
25 *Cooperation Act of 1948, as amended, cumulative from the*

1 enactment of that Act, shall be accounted for separately from
2 other guaranties issued pursuant to subsection 413 (b) of
3 the Mutual Security Act of 1954, as amended (22 U. S. C.
4 1933 (b)): Provided, That there shall be transferred from
5 the special account established pursuant to subsection (a),
6 into the account available for payments under guaranties
7 other than informational media guaranties, an amount equal
8 to the total of the fees received for the issuance of guar-
9 anties other than informational media guaranties, and used
10 to make payments under informational media guaranties.'

11 “(h) Section 104 (h) of the Agricultural Trade De-
12 velopment and Assistance Act of 1954, as amended (Public
13 Law 480, Eighty-third Congress; 7 U. S. C. 1704), is
14 amended by adding at the end thereof the following: ‘Not
15 less than 5 per centum of the aggregate of the foreign cur-
16 rencies accruing under this title, including currencies received
17 in repayments of loans under subsection (g) of this section
18 (which 5 per centum shall not be computed separately for
19 each purchasing country but for all such countries combined),
20 shall be used for the purposes of this subsection. In the allo-
21 cation of funds as among the various purposes set forth in
22 this section, a special effort shall be made to provide for the
23 purposes of this subsection in regard to: (1) countries where
24 adequate funds are not available from other sources for such
25 purposes, and (2) countries where agreements can be nego-

1 *tiated to establish a fund with the interest and principal avail-*
2 *able over a period of years for such purposes.'*

3 *“(i) Section 104 of the Agricultural Trade Develop-*
4 *ment and Assistance Act of 1954 (Public Law 480, Eighty-*
5 *third Congress; 7 U. S. C. 1704) as amended, is further*
6 *amended by adding after paragraph (h) the following new*
7 *paragraph:*

8 *“(i) for financing the translation, publication, and*
9 *distribution of books and periodicals, including Gov-*
10 *ernment publications, abroad: Provided, That not more*
11 *than \$5,000,000 may be allocated for this purpose dur-*
12 *ing any fiscal year.’”*

13 *(b) Amend section 545, which relates to definitions, as*
14 *follows:*

15 *(1) Add at the end of subsection (h) the following:*
16 *“Notwithstanding the foregoing provisions of this subsection*
17 *(h) and for the purpose of establishing a more equitable*
18 *pricing system for transactions between the military depart-*
19 *ments and the Mutual Defense Assistance Program, the*
20 *Secretary of Defense shall prescribe at the earliest practicable*
21 *date, through appropriate pricing regulations of uniform ap-*
22 *plicability, that the term ‘value’ (except in the case of excess*
23 *equipment or materials) shall mean—*

24 *“(1) the price of equipment or materials obtaining*

1 *for similar transactions between the Armed Forces*
2 *of the United States; or*

3 “(2) where there are no similar transactions within
4 the meaning of paragraph (1), the gross cost to the
5 United States adjusted as appropriate for condition and
6 market value.”

7 (2) Add the following new subsections:

8 “(j) The term ‘agency administering nonmilitary assist-
9 ance’ shall refer to any agency to which authorities and func-
10 tions under chapter 3 of title I, title II, title III, or title IV
11 of this Act are delegated or assigned pursuant to authority
12 contained in sections 521 and 525 of this Act.

13 “(k) The term ‘officer administering nonmilitary assist-
14 ance’ shall refer to any officer to whom authorities and func-
15 tions under chapter 3 of title I, title II, title III, or title IV
16 of this Act are delegated or assigned pursuant to authority
17 contained in sections 521 and 525 of this Act.”

18 (c) In section 548, which relates to unexpended
19 balances, substitute “1957” for “1956” and “June 30,
20 1956” for “June 30, 1955”, and after the word “That”
21 insert a comma and the following: “except for funds appro-
22 priated pursuant to section 407, relating to Palestine Ref-
23 ugees, and section 418, relating to the President’s Fund for
24 Asian Economic Development,”.

25 (d) Add the following new section:

1 *SEC. 549. It is the sense of the Congress that the Presi-*
2 *dent should explore with other nations the establishment of*
3 *an International Food and Raw Materials Reserve under*
4 *the auspices of the United Nations and related international*
5 *organizations for the purpose of acquiring and storing in*
6 *appropriate countries raw or processed farm products and*
7 *other raw materials, exclusive of minerals, with a view to their*
8 *use in—*

9 *(1) preventing extreme price fluctuations in the*
10 *international market in these commodities;*

11 *(2) preventing famine and starvation;*

12 *(3) helping absorb temporary market surpluses of*
13 *farm products and other raw materials (exclusive of*
14 *minerals);*

15 *(4) economic and social development programs*
16 *formulated in cooperation with other appropriate inter-*
17 *national agencies.*

18 *Participation by the United States in such an Interna-*
19 *tional Food and Raw Materials Reserve shall be contingent*
20 *upon statutory authorization or treaty approval, as may be*
21 *appropriate. The President shall include in each of the*
22 *semiannual reports required by section 534 an account of*
23 *action taken under this section.*

24 *FOREIGN RESEARCH REACTOR PROJECTS*

25 *SEC. 12. (a) As one means of furthering peaceful uses*

1 of atomic energy on an international basis, there is hereby
2 authorized to be appropriated to the President for the fiscal
3 year 1957 not to exceed \$5,950,000 for use by the Presi-
4 dent, on such terms and conditions as he may specify, for
5 research reactor projects undertaken or authorized by foreign
6 governments which shall have entered into agreements for
7 cooperation with the Government of the United States con-
8 cerning the peaceful uses of atomic energy.

9 (b) Nothing in this section shall alter, amend, revoke,
10 repeal, or otherwise affect the provisions of the Atomic
11 Energy Act of 1954.

12 (c) The United States share of the cost of any reactor
13 made available to another government or to other govern-
14 ments under this section shall not exceed \$350,000.

15 (d) In carrying out the purposes of this section the
16 Director of the International Cooperation Administration,
17 the Atomic Energy Commission, and other United States
18 departments and agencies shall give full and continuous
19 publicity through the press, radio, and all other available
20 media, so as to inform the peoples of the participating
21 countries regarding the assistance, including its purpose,
22 source, and character, furnished by the United States. Such
23 portions of the equipment furnished under this section as
24 may be appropriately die-stamped as a product of the United
25 States shall be so stamped.

1 *SEC. 13. It is the sense of Congress that \$11,000,000*
2 *of the funds made available pursuant to the Mutual Security*
3 *Act of 1954, as amended, for the fiscal year 1957 be trans-*
4 *ferred, in the discretion of the President, to the Department*
5 *of State to carry out international educational exchange*
6 *activities. Such amount is authorized to be transferred to*
7 *and consolidated with funds made available to the Depart-*
8 *ment of State for the fiscal year 1957 for the activities author-*
9 *ized by the United States Information and Educational*
10 *Exchange Act of 1948, as amended (22 U. S. C. 1431-*
11 *1479), and by section 32 (b) (2) of the Surplus Property*
12 *Act of 1944, as amended (50 U. S. C., App. 1641 (b)).*
13 *The amount transferred pursuant to this section shall be in*
14 *addition to funds otherwise appropriated for such activities,*
15 *and not to exceed \$500,000 of the amount so transferred may*
16 *be used for administrative expenses.*

Passed the House of Representatives June 11, 1956.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 2296

84TH CONGRESS
2^D SESSION

H. R. 11356

[Report No. 2273]

AN ACT

To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

JUNE 11, 1956

Read twice and referred to the Committee on Foreign Relations

JUNE 19, 1956

Reported with an amendment