



May 10, 1957

[Revised Draft of Mutual Security Act of 1957]
[Not finally cleared by ICA]

A BILL

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 1957".

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

(a) Amend section 103, which relates to authorizations, as follows:

(1) Strike out subsection (a) and substitute the following:

"(a) There are hereby authorized to be appropriated to the President 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."

(2) In subsection (b), strike out "and of section 124".

(3) In subsection (c), add at the end thereof the following new sentence:

"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

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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 this chapter, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, repayments in foreign currency may be used for the purposes of this chapter."

(b) In section 104(a), which relates to infrastructure, strike out in the first sentence the words between "Organization," and "out of funds"; strike out "\$780,000,000" in the first sentence and substitute "\$1,000,000,000"; strike out the second sentence; and in the last sentence strike out ", as heretofore agreed upon,".

(c) In section 105(b)(3), which relates to conditions applicable to military assistance, strike out the words between "Asia" and ", the President".

(d) Amend section 107, which relates to waivers of law, as follows:

(1) In subsection (a), strike out "1262(a), and title 34, United States Code, section 546(e)" and substitute "7307(a)".

(2) In subsection (b), strike out "Revised Statutes 1222 (10 U.S.C. 576)" and substitute "title 10, United States Code, sections 3544(b) and 8544(b)".

(e) Repeal section 108, which relates to transfer of military equipment to Japan.

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Sec. 3. Chapter 2 of Title I of the Mutual Security Act of 1954, as amended, which relates to Southeast Asia and the Western Pacific and direct forces support, is hereby repealed.

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Sec. 4. Title I, chapter 3, of the Mutual Security Act of 1954, as amended, which relates to defense support, is further amended as follows:

(a) Amend section 131, which relates to general authority, as follows:

(1) In subsection (a), strike out "designed" in the first sentence and substitute "necessary".

(2) Strike out subsection (b) and substitute the following:

"(b) There are hereby authorized to be appropriated to the President 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."

(3) Strike out subsection (c), and redesignate subsection "(d)" as subsection "(c)".

(b) Repeal section 132, which relates to the Korean program.

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Sec. 5. Title I, chapter 4 of the Mutual Security Act of 1954, as amended, which relates to general provisions relating to mutual defense assistance, is further amended by striking out, in the first sentence of section 142(b) "chapter 2 or" and "or under title II".

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Sec. 6. Title II of the Mutual Security Act of 1954, as amended, which relates to development assistance, is further amended by striking out the heading of the title, "DEVELOPMENT ASSISTANCE", and substituting "DEVELOPMENT [LOAN] [FINANCE] FUND"; by striking out subsections (a) and (b) of section 201; by redesignating subsection (c) of section 201 as subsection (d) of section 537 and striking out therein "this title" and substituting "section 401(b)"; and by inserting the following new sections:

"SEC. 201. DECLARATION OF PURPOSE.-The Congress of the United States recognizes that the continuing progress of other peoples in their efforts to further their economic development and improve their well-being is essential to the promotion of international understanding and good will, the establishment of an enduring world peace which is based on principles of freedom and justice, and the expansion of mutually beneficial commerce, and, therefore, is essential to the security and general welfare of the United States. The Congress further recognizes the necessity of assistance to other peoples 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 assist, on a basis of self-help and mutual cooperation, the efforts of other peoples to develop their economies, increase their productive capabilities, and raise their standards of living."

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"SEC. 202. GENERAL AUTHORITY.-There is hereby established a fund to be known as the 'Development [Loan] [Finance] Fund' (hereinafter referred to in this title as 'the Fund') which shall be used by the President to carry out the purposes of this title. The Fund shall be used for [loans and other transactions on a repayable basis, and for guaranties] [loans, guaranties, and other financing transactions (not to include grants)], to or with such nations, organizations, persons and other entities, and on such terms and conditions, as the President may determine, taking into account (1) whether financing would be available from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity or transaction for which the Fund is to be used, and (3) whether the activity or transaction gives reasonable promise of contributing directly or indirectly to the development of economic resources or productive capacities in furtherance of the purposes of this title. [The authority in section 401(a) of this Act may not be utilized for use of the Fund without regard to the requirements of this title.] [The authority in section 401(a) of this Act may not be utilized with respect to the Fund.] [The authority in section 401(a) of this Act may not be utilized for use of the Fund without regard to the requirements of this title or of any other Act for which funds are

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authorized by this Act.] The authority in section 501 may not be utilized with respect to this title."

"SEC. 203. CAPITALIZATION.-There is hereby authorized to be appropriated to the President without fiscal year limitation, for deposit in or advances to the Fund, not to exceed \$500,000,000. In addition, the Secretary of the Treasury is authorized and directed to make, in the fiscal year 1959 and thereafter, loans to the Fund in such amounts as may be authorized in appropriation acts enacted during the 85th Congress, 1st Session: Provided, That the maximum amount of such loans in the fiscal year 1959 shall be \$750,000,000, and in the fiscal year 1960 shall be \$750,000,000 in addition to the above-authorized maximum for the fiscal year 1959. For purposes of the loans provided for in the preceding sentence, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose."

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"SEC. 204. POWERS AND FUNCTIONS. In the performance of and with respect to the functions, powers and duties vested in him by this title, the President may, in addition to other authorities provided in this Act or elsewhere: enter into, perform, and modify such contracts, leases, agreements, or other transactions as may be necessary in carrying out the purposes of this title, and on such terms as he may deem 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 gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible) for use in carrying out any purposes of this title; contract for the services of attorneys or agents as may be necessary to carry out the purposes of this title; determine the character of and necessity for obligations and expenditures under this title, 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, on such terms as he may determine, mortgages, liens, and other collateral or security incident to operations under this title; purchase, discount, rediscount, sell, and negotiate, with or without his endorsement or guaranty, and guarantee, notes, drafts, checks, bills of exchange,

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acceptances including bankers' acceptances, cable transfers, and other evidences of indebtedness; purchase, sell, acquire, dispose of, convert, and guarantee, securities; issue letters of credit and letters of commitment; under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans, guaranties and other transactions under this title; collect or compromise any obligations assigned to or held by him and any legal or equitable rights accruing to him in connection with the payment of such loans, guaranties or other transactions, and, as he may determine, refer any such obligation or right to the Attorney General for suit or collection; acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible) whenever deemed necessary or appropriate to the conduct of the activities and transactions authorized under this title; and, in addition to any powers, functions, privileges, and immunities otherwise vested in him in this Act or elsewhere, take any and all actions determined by him to be necessary or desirable in making, carrying out, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans, guaranties or other transactions, or in carrying out any operations, under the provisions of this title. Such officer as the President may designate to carry out his powers,

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functions and duties under this title may, in connection with the performance thereof, sue and be sued in any court of competent jurisdiction: Provided, That no attachment, injunction, garnishment or other similar process, mesne or final, shall be issued against such officer or against property or funds held by him or any other officer or agency of the Government of the United States under this title."

"SEC. 205. FISCAL PROVISIONS. Any dollar receipts from operations or transactions under this title (including proceeds from sales of foreign currency receipts) shall be credited to the Fund, and, notwithstanding any other provision of law, foreign currency receipts from operations or transactions under this title shall be credited to the Fund. [There shall be deposited into the Treasury as miscellaneous receipts at the close of each fiscal year, interest on advances to the Fund and loans from the Secretary of the Treasury at a rate which shall be determined by the [Secretary of the Treasury] [President] as necessary to reimburse the Treasury as nearly as possible for its interest costs, taking into consideration the current average market yields of outstanding marketable obligations of the United States having comparable maturities.] Appropriations are hereby authorized for payment to the Fund in such amounts as may be shown in the annual budget program as necessary to cover actual losses of prior years (including losses by exchange) sustained in the conduct of its activities. [Amounts appropriated to the Fund under the authority in the preceding sentence

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shall not require payment of interest under this section.] 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. All assets of the Fund shall be available until expended for any obligations or expenditures in connection with the performance of functions under this title. [Except as otherwise specifically provided herein,] the President shall determine the terms and conditions of any advances and loans made to the Fund in accordance with section 203 of this Act."

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

(a) Delete the text of section 304, which relates to authorization, and substitute the following: "There are hereby authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this title."

(b) Amend section 306, which relates to multilateral technical cooperation, as follows:

(1) Strike out the text of subsection (a) and substitute the following:

"§ _____ for the fiscal year 1958 for contributions to the United Nations Expanded Program of Technical Assistance; Provided, That, notwithstanding any other provision of law, the United States contribution to this program for calendar year 1958 may constitute not to exceed 45 per centum of the total amount contributed to the program for that period."

(2) Strike out the text of subsection (b) and substitute the following:

"§ _____ for the fiscal year 1958 for contributions to the technical cooperation program of the Organization of American States."

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

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

(1) In subsection (a), strike out "to be appropriated" in the first sentence and substitute "for such use"; after "this Act" the third time it appears in the first sentence insert "or any Act appropriating funds pursuant to authorizations contained in this Act"; strike out the second sentence; and in the last sentence, strike out "section" and substitute "subsection".

(2) Strike out the text of subsection (b) and substitute the following:

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$ _____ for use on such terms and conditions as he may specify for special assistance designed to maintain or promote political or economic stability or for assistance in accordance with provisions of this Act applicable to the furnishing of _____ assistance under title I, section 304, section 405(d), section _____, section 407, or section 419 of this Act; Provided, That not to exceed \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection may be used in any fiscal year in accordance with subsection (a) of this section.

(b) In section 402, strike out all preceding "shall be used" in the first sentence and substitute "Of the funds authorized to be made available

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in fiscal year 1958 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000".

(c) Amend section 403, which relates to special assistance in joint control areas, as follows:

(1) In subsection (a), strike out the subsection designation "(a)"; and in the second sentence strike out all following "the President" and substitute "for the fiscal year 1958 not to exceed \$ _____ to carry out this section."

(2) Strike out subsection (b).

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

(1) In subsection (a), strike out in the second sentence "not to exceed \$11,189,190 for contributions during the calendar year 1955" and ", and thereafter"; and strike out the last sentence.

(2) In subsection (c), strike out the words between "appropriated" and "for contributions" and substitute "for the fiscal year 1958 not to exceed \$ _____".

(3) Strike out subsection (d), redesignate subsection (c) of section 401 as subsection "(d)" of section 405, and amend the last sentence thereof to read as follows:

There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$ _____ for activities, including care, training, education, information, exchange of persons, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism."

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(e) Amend section 406, which relates to children's welfare, as follows:

(1) In subsection (a), strike out the subsection designation "(a)"; strike out "13,500,000" and substitute "\$ _____"; and strike out "1955" and substitute "1958".

(2) Strike out subsection (b).

(f) In section 407, which relates to Palestine refugees in the Near East, strike out the subsection designations "(a)" and "(b)"; strike out the first two sentences in the present subsection (a) and substitute therefor the text of the present subsection (b).

(g) In section 408, which relates to the North Atlantic Treaty Organization, strike out in subsection (a) the words between "appropriated" and "such amounts".

(h) Amend section 409, which relates to ocean freight charges, as follows:

(1) Strike out the text of subsection (c) and substitute "There is hereby authorized to be appropriated to the President for the fiscal year 1958 not to exceed \$ _____ to carry out the purposes of this section."

(2) In subsection (d), strike out the first sentence; and in the second sentence strike out "In addition," and change "any" to "Any".

(i) In section 410, which relates to Control Act expenses, strike out the words between "President" and "for carrying out" in the first

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sentence and substitute "for the fiscal year 1958 not to exceed \$ _____".

(j) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out the words between "President" and "for necessary" and substitute "for the fiscal year 1958 not to exceed \$ _____"; strike out all following "the provisions of this Act" and substitute "functions performed by any agency or officer administering nonmilitary assistance."

(2) Strike out subsection (c), and redesignate subsections "(d)" and "(e)" as subsections "(c)" and "(d)", respectively.

(k) Repeal sections 419 and 421, relating, respectively, to World Health Organization and Food and Agriculture Organization, which repeals shall not be deemed to affect amendments contained in such sections to Acts other than the Mutual Security Act of 1954, as amended; and add the following new sections:

"SEC. 419. 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 1958 not to exceed \$ _____ to carry out the purposes of this section.

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"(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 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. 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. 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 economic 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 furnish to such nations, organizations, persons or

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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. Of the funds made available pursuant to authorizations contained in this Act (other than title I, chapter 1, and title II), not to exceed \$ _____ may be used to carry out the purpose of this section."

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

(a) Amend section 503, which relates to termination of assistance as follows:

(1) Strike out the subsection designation "(a)"; and in the last sentence of subsection (a) strike out "subsection" and substitute "section";.

(2) Strike out subsection (b).

(b) In section 504(a), which relates to small business, strike out "chapters 2 and" and substitute "chapter".

(c) Amend section 505, which relates to loan assistance and sales, as follows:

(1) In subsection (a), strike out "Assistance" in the first sentence and substitute "Except as otherwise specifically provided in this Act, assistance"; and after "commodities" in the second sentence, insert ", equipment, materials,".

(2) In subsection (b), strike out the first sentence; and strike out "shall" both times it appears in the second sentence and substitute "may".

(d) In section 509, which relates to shipping on United States vessels, strike out the first sentence.

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(e) In section 511(c), which relates to retention and return of equipment, after "materials" the first time it appears, insert "on a grant basis"; and strike out "(other than equipment or materials sold under the provisions of section 106)".

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

(a) Amend section 527, which relates to employment of personnel as follows:

(1) In subsection (b), strike out "thirty-five" and substitute " "; and strike out "fifteen" and substitute " ".

(2) In subsection (c), after "Reserve" the second time it appears in paragraph (1), insert "(except that, with respect to persons whose employment pursuant to this subsection begins on or after the date of enactment of the Mutual Security Act of 1957, such benefits shall not apply where (i) the person accepts appointment for the duration of operations under this Act, or (ii) he does not utilize such benefits within five years from the date of commencement of his employment pursuant to this subsection and, within such five-year period, does not utilize such benefits within thirty days after the termination of his employment pursuant to this subsection);" and insert before the period at the end of paragraph (2) ": Provided, That, with respect to persons whose employment pursuant to this subsection begins on or after the date of enactment of the Mutual Security Act of 1957, the benefits of section 528 shall not apply where (i) the person accepts appointment for the duration of operations under this Act, or (ii) he does not utilize such benefits within five years from the date of commencement of his employment pursuant to this subsection and, within such five year period, does not utilize such benefits within thirty days after the termination of his employment pursuant to this subsection".

(b) In section 535(b), which relates to cooperation with nations and international organizations, before "in furtherance of" in the first sentence insert "consistent with and"; and strike out "and within the limitations" in the first sentence.

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(c) Amend section 537, relating to provisions on uses of funds, as follows:

(1) In the opening clause of subsection (a), within the parentheses, strike out "and section 124".

(2) In subsection (a), paragraph (1), strike out "1957" and substitute "1958".

(3) Amend subsection (a), paragraph (10), to read "rental or lease outside the continental limits of the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, 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."

(4) In subsection (a), paragraph (17), strike out "or" preceding "(iii)"; and after "another", insert ", (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 and on automobiles in connection with authorized travel".

(5) In subsection (c), strike out "\$12,000,000" and substitute " "; and, after "1957", insert "and thereafter".

(6) Add the following new subsection:

"(e) Appropriations for the purposes of title I, chapter 1, of this Act shall be available for the uses specified in paragraphs (5) and (10) of subsection (a) of this section, provided, that the

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first proviso of paragraph (5) shall not apply for the fiscal year 1958 for _____ vehicles; for 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 nature other than entertainment, provided, that a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Secretary of Defense or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified; and for entertainment expenditures incident to (i) special orientation visits of senior foreign officers to military installations within the United States and in foreign countries, in amounts not to exceed \$12.00 per officer per installation visited, and (ii) attendance of foreign participants at military assistance training courses within the United States, in amounts not to exceed \$4.00 per foreign participant."

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

(a) In section 543, relating to saving provisions, insert the following new subsection:

"(d) Funds appropriated pursuant to provisions of this Act repealed by the Mutual Security Act of 1956 or the Mutual Security Act of 1957 shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. The repeal by the Mutual Security Act of 1957 of sections 121, 131(c) and 132 shall not be deemed to affect the authority contained in the third sentence of section 121, or the authorities contained in the last sentence of section 131(c), the first sentence of section 132(a) (relating to payment of ocean freight charges on shipments for relief without regard to the requirements of section 409), and section 132(d). [References in this or any other Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 are hereby stricken out; and references in this Act or any other Act to provisions of this Act redesignated by the Mutual Security Act of 1957 are hereby amended to refer to the new designations.]"

(b) Amend section 544, which relates to amendments to other laws, as follows:

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(1) Repeal subsections (a), (c), (d), (e), (f), (g), (h) and (i), which repeals shall not be deemed to affect amendments contained in such subsections to Acts other than the Mutual Security Act of 1954, as amended; and redesignate subsection "(b)" as subsection "(a)".

(2) Add the following new subsections:

"(b) Public Law 174, Seventy-ninth Congress, as amended, is hereby further amended by striking out the proviso at the end of section 2.

"(c) Section 1034 of the Internal Revenue Code of 1954 is hereby amended by redesignating subsections '(i)' and '(j)' as subsections '(j)' and '(k)', respectively; and by inserting the following new subsection (i):

'(i) U. S. Government Employees on Overseas Service.

The running of any period of time specified in subsections (a) or (c) (other than the one year referred to in subsection (c)(4)) shall be suspended during any time that the taxpayer (or his spouse if the old residence and the new residence are each used by the taxpayer and his spouse as their principal residence) is assigned to duties outside the United States, its territories and possessions as an employee of the Government of the United States.'."

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(d) In section 546(b), relating to construction, strike out "Atomic Energy Act of 1946, as amended (42 U.S.C. 1801)" and substitute "Atomic Energy Act of 1954, as amended (42 U.S.C. 2011)".

(e) Strike out section 547, which relates to reduction of authorizations, and substitute the following:

"SEC. 547. OBLIGATED BALANCES. [Text to be supplied.]

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