

A2 Thursday, June 24, 1965 THE WASHINGTON POST

# House Conferees Back Senate On OAS Foreign Aid Bill Role

Associated Press

House conferees agreed yesterday to a Senate provision in the foreign aid bill designed to give the Organization of American States an important new role in channeling military assistance to Latin America.

Sen. J. W. Fulbright (D.-Ark.), author of the provision, said House conferees accepted it with modifications in a two-hour conference on conflicting Senate and House versions of the foreign aid legislation.

Action was put off for the third time on major differences arising from the Senate's passage of a two-year, \$3.24 billion-a-year authorization, coupled with a clause terminating the program in its present form on June 30, 1967. The House passed a one-year authorization with no cutoff provision.

The amendment by Fulbright would authorize the use of \$25 million of the \$55 million available for military assistance to Latin America to help finance a permanent inter-American military force under control of the OAS.

In addition, it would require that other future military aid to any American republic, even for internal security, be furnished "to the maximum extent" feasible "only" according to joint plans approved by the OAS.

In agreeing to the provision, the conferees eliminated the "only" and voted to give President Johnson more flexibility than the Senate provision would have provided.

At the suggestion of House conferees, it was modified also to specify that the costs of current peace forces operating in the Dominican Republic will not be charged against the \$25 million available for a permanent force.

# House of Representatives

WEDNESDAY, AUGUST 18, 1965

## THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

### APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES FOR FISCAL YEAR 1966

Mr. SLACK. Mr. Speaker, on behalf of the gentleman from New York [Mr. ROONEY], I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill H.R. 8639.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### CONFERENCE REPORT (H. REPT. NO. 807)

The committee of conference on the disagreeing of the two Houses on the amendments of the Senate to the bill (H.R. 8639) "making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1966, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 6, 7, 10, 15, and 18.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 8, 9, 11, 16, 17, 19, 20, 21, 22, 23, 25, and 26, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$2,125,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$5,339,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$33,743,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$69,036,250"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amend-

ment insert "\$11,536,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$3,150,000"; and the Senate agree to the same.

JOHN J. ROONEY,  
JOHN M. SLACK, Jr.,  
NEAL SMITH,  
JOHN J. FLYNT, Jr.,  
CHARLES S. JOELSON,  
GEORGE MAHON,  
FRANK T. BOW,  
GLENARD P. LIPSCOMB,  
ELFORD A. CEDERBERG,

*Managers on the Part of the House.*

JOHN L. MCCLELLAN,  
ALLEN J. ELLENDER,  
WARREN G. MAGNUSON,  
SPESSARD L. HOLLAND,  
JOHN O. PASTORE,  
J. W. FULBRIGHT,  
MARGARET CHASE SMITH,  
LEVERETT SALTONSTALL,  
KARL E. MUNDT,

*Managers on the part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8639) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1966, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

#### TITLE I—DEPARTMENT OF STATE

##### *Administration of foreign affairs*

Amendment No. 1: Appropriates \$176,400,000 for salaries and expenses as proposed by the House instead of \$176,748,000 as proposed by the Senate.

Amendment No. 2: Appropriates \$19,125,000 for acquisition, operation and maintenance of buildings abroad as proposed by the Senate instead of \$18,125,000 as proposed by the House.

##### *International commissions*

Amendment No. 3: Appropriates \$2,125,000 for international fisheries commissions instead of \$2,025,000 as proposed by the House and \$2,300,000 as proposed by the Senate.

##### *Educational exchange*

Amendment No. 4: Appropriates \$5,800,000 for the Center for Cultural and Technical interchange between East and West as proposed by the Senate instead of \$5,500,000 as proposed by the House.

#### TITLE II—DEPARTMENT OF JUSTICE

##### *Legal activities and general administration*

Amendment No. 5: Appropriates \$5,339,000 for salaries and expenses, general administration instead of \$5,289,000 as proposed by the House and \$5,389,000 as proposed by the Senate.

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The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., prefaced his prayer with these words of Scripture: Psalm 121: *The Lord is thy keeper, the Lord is thy shade upon thy right hand.*

Almighty God, whose goodness never fails and whose truth does not grow old, we beseech Thee to sanctify us, cleansing all the stains of sin from our hearts and the darkness from our minds.

Order our whole life, our thoughts and aspirations in accord with Thy will and bring them into harmony with Thy holy plans and create within us those desires which Thou dost delight to satisfy.

May there arise within us strength, healing, and victory, overcoming all confusion of purpose and that self-love which keeps us from the larger life of service and sacrifice to which we have been called.

Humbly we offer our prayer, asking for nothing that we do not ask for others whose lives are haunted by hardship and struggle for the bare necessities that they labor for.

In Christ's name we pray. Amen.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7765) entitled "An act making appropriations for the Departments of Labor, Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1966, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to Senate amendment No. 1 to the above-entitled bill.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1648. An act to provide grants for public works and development facilities, other financial assistance, and the planning and coordination needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions.

The message also announced that the Vice President, pursuant to Public Law 170, 74th Congress, had appointed Mr. MORSE in lieu of Mr. ROBERTSON, resigned, to attend the 54th Interparliamentary Union Conference to be held in Ottawa, Ontario, September 9 to 17, 1965.

## TITLE III—DEPARTMENT OF COMMERCE

## U.S. Travel Service

Amendment No. 6: Provides a limitation of \$3,500 for representation expenses abroad as proposed by the House instead of \$4,000 as proposed by the Senate.

Amendment No. 7: Appropriates \$3,000,000 for salaries and expenses as proposed by the House instead of \$3,200,000 as proposed by the Senate.

## International activities

Amendment No. 8: Inserts language for mobile trade fairs as proposed by the Senate.

Amendment No. 9: Appropriates \$10,750,000 for salaries and expenses as proposed by the Senate instead of \$10,400,000 as proposed by the House.

## Office of Field Services

Amendment No. 10: Appropriates \$4,200,000 for salaries and expenses as proposed by the House instead of \$4,265,000 as proposed by the Senate.

## Coast and Geodetic Survey

Amendment No. 11: Appropriates \$29,200,000 for salaries and expenses as proposed by the Senate instead of \$29,000,000 as proposed by the House.

## National Bureau of Standards

Amendment No. 12: Appropriates \$33,743,000 for research and technical services instead of \$33,000,000 as proposed by the House and \$34,548,000 as proposed by the Senate.

## Weather Bureau

Amendment No. 13: Appropriates \$69,036,250 for salaries and expenses instead of \$68,750,000 as proposed by the House and \$69,287,900 as proposed by the Senate.

Amendment No. 14: Appropriates \$11,536,000 for research and development instead of \$10,786,000 as proposed by the House and \$11,786,000 as proposed by the Senate.

## Maritime Administration

Amendment No. 15: Appropriates \$132,150,000 for ship construction as proposed by the House instead of \$124,850,000 as proposed by the Senate.

Amendment No. 16: Appropriates \$180,000,000 for operating-differential subsidies (liquidation of contract authorization) as proposed by the Senate instead of \$190,000,000 as proposed by the House.

## Bureau of Public Roads

Amendment No. 17: Appropriates \$200,000,000 for repayable advances to the highway trust fund as proposed by the Senate instead of \$225,000,000 as proposed by the House.

Amendment No. 18: Deletes language proposed by the Senate.

## TITLE IV—THE JUDICIARY

## Courts of appeals, district courts, and other judicial services

Amendment No. 19: Appropriates \$34,292,000 for salaries of supporting personnel as proposed by the Senate instead of \$34,220,000 as proposed by the House.

Amendment No. 20: Appropriates \$3,000,000 for fees and expenses of court-appointed counsel as proposed by the Senate instead of \$3,500,000 as proposed by the House.

Amendment No. 21: Appropriates \$4,910,000 for travel and miscellaneous expenses as proposed by the Senate instead of \$4,900,000 as proposed by the House.

## TITLE V—RELATED AGENCIES

## Department of Health, Education, and Welfare

## Office of Education

Amendment No. 22: Appropriates \$5,000,000 for civil rights educational activities as proposed by the Senate instead of \$4,000,000 as proposed by the House.

Equal Employment Opportunity Commission

Amendment No. 23: Appropriates \$2,750,000 for salaries and expenses as proposed by the Senate.

## Federal Maritime Commission

Amendment No. 24: Appropriates \$3,150,000 for salaries and expenses instead of \$3,100,000 as proposed by the House and \$3,180,000 as proposed by the Senate.

## U.S. Information Agency

Amendment No. 25: Appropriates \$140,000,000 for salaries and expenses as proposed by the Senate instead of \$140,254,000 as proposed by the House.

Amendment No. 26: Adds language as proposed by the Senate.

JOHN J. ROONEY,  
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ELFORD A. CEDERBERG

## Managers on the Part of the House.

## ESTABLISHING DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. FASCELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6927) to establish a Department of Housing and Urban Development, and for other purposes, with amendments of the Senate thereto, disagree to the amendments and request a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Florida? The Chair hears none, and appoints the following conferees: Messrs. DAWSON, HOLIFIELD, FASCELL, REUSS, ROSENTHAL, ERLBORN, and WYDLER.

## CORRECTION OF THE RECORD

Mr. OLSON of Minnesota. Mr. Speaker, I ask unanimous consent to make a correction in my remarks in the CONGRESSIONAL RECORD of yesterday, August 17, 1965, page 19947, paragraph No. 4, line 14, where it reads:

I think a transfer and selection base allowed here is going to result definitely in a kind of milk tax.

This line should be changed to read:

I think the transfer and sale of bases allowed is going to result in what might be referred to as a milk tax.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## CORRECTION OF THE RECORD

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent that the permanent RECORD be corrected on page 19976 near the bottom of the second column to read as follows:

Mr. FINDLEY. The gentleman said that the consumers have benefited under this cotton program. Looking at the "Cotton Situation Report" from the Consumer and Marketing Service of USDA I find that the price on 20 cotton constructions—the index showing product prices—has gone up each and every single month since the so-called one-price cotton program went into operation. On the other side of this same statistical table from USDA I find that each and every single month the mill margin—that is the gross profit of textile mills—has gone up. This despite the fact they had the price advantage of this program, which is costing the tax-

payers somewhere around \$900 million a year. I think it is shameful we have to consider any variation of a program which so adversely affects the taxpayers of the United States.

And on the same page correct the line reading "the buggy whip" to read "the buggy whip industry."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

## CALL OF THE HOUSE

Mr. GRIFFIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

## [Roll No. 241]

Adair	Dowdy	Miller
Andrews	Duncan, Ore.	Moorhead
George W.	Dyal	Powell
Aspinall	Farnum	Reinecke
Blatnik	Gubser	Roudebush
Bonner	Irwin	Roybal
Brown, Ohio	Johnson, Pa.	Scott
Cabell	King, Calif.	Thomas
Cahill	King, N.Y.	Toll
Carter	Kornegay	Utt
Curtis	Lindsay	Younger
Dent	Martin, Mass.	
Dingell	Mathias	

The SPEAKER. On this rollcall 395 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

## AUTHORITY TO FILE CONFERENCE REPORT ON H.R. 7750—FOREIGN ASSISTANCE ACT OF 1965

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the House conferees may have until midnight tonight to file a conference report on the bill H.R. 7750.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## CONFERENCE REPORT (H. REPT. No. 811)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: That this Act may be cited as the "Foreign Assistance Act of 1965".

## "PART I

## "Chapter 1—Policy

"Sec. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to the statement of policy, is amended as follows:

"(a) Strike out the last sentence in the seventh paragraph and substitute the following: 'It is the sense of the Congress that in furnishing assistance under this part ex-

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cess personal property shall be utilized wherever practicable in lieu of the procurement of new items for United States-assisted projects and programs. It is the further sense of the Congress that assistance under this part shall be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

"(b) Add at the end thereof the following new paragraph:

"It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof."

*"Chapter 2—Development assistance"*

*"Title I—Development Loan Fund"*

"Sec. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

"(a) Amend section 205, which relates to the use of the facilities of the International Development Association, to read as follows:

"SEC. 205. USE OF INTERNATIONAL LENDING ORGANIZATIONS.—In order to serve the purposes of this title and the policy contained in section 619, the President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act."

"(b) Add the following new section:

"SEC. 206. REGIONAL DEVELOPMENT IN AFRICA.—The President is requested to seek and to take appropriate action, in cooperation and consultation with African and other interested nations and with international development organizations, to further and assist in the advancement of African regional development institutions, including the African Development Bank, with the view toward promoting African economic development."

"Title II—Technical Cooperation and Development Grants

"Sec. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

"(a) Amend section 212, which relates to authorization, by striking out '1965' and '\$215,000,000' and substituting '1966' and '\$210,000,000', respectively.

"(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

"(1) Amend subsection (b) by striking out 'treatment, education,' and substituting 'education'.

"(2) Amend subsection (c) by striking out '1965, \$18,000,000' and substituting '1966, \$7,000,000'.

*"Title III—Investment Guaranties"*

"Sec. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

"(a) Amend section 221(b), which relates to general authority, as follows:

"(1) Amend the introductory clause to read as follows:

"(b) The President may issue guaranties to eligible United States investors—"

"(2) In paragraph (1), strike out '\$2,500,000,000' and substitute '\$5,000,000,000'.

"(3) Amend paragraph (2) as follows:

"(A) In the first proviso, strike out ', and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000'.

"(B) In the third proviso, immediately after '\$300,000,000' insert the following: ', and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$175,000,000'.

"(C) In the fourth proviso, strike out '1966' and substitute '1967'.

"(b) Amend section 221(c), which relates to general authority, as follows:

"(1) Strike out 'actual earnings or profits' and substitute 'earnings or profits actually accrued'.

"(2) Immediately after 'guaranty' the third time it appears, insert 'of an equity investment'.

"(c) Amend section 222(b), which relates to general provisions, by inserting after '(exclusive of informational media guaranties),' the words 'and to pay the costs of investigating and adjusting (including costs of arbitration) claims under such guaranties,'.

"(d) Amend section 223, which relates to definitions, as follows:

"(1) In subsection (a), strike out 'and' at the end thereof and in subsection (b) strike out the period and substitute '; and'.

"(2) Add the following new subsection (c):

"(c) the term 'eligible United States investors' means United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or any State or territory and substantially beneficially owned by United States citizens, as well as foreign corporations, partnerships, or other associations wholly owned by one or more such United States citizens, corporations, partnerships, or other associations: *Provided*, That, the eligibility of a foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners."

"(e) Amend section 224, which relates to housing projects in Latin American countries, to read as follows:

"SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperatives, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

"(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

"(1) pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America;

"(2) credit institutions in Latin America engaged directly or indirectly in the financ-

ing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;

"(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

"(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions, cooperatives, and other private enterprise programs; or

"(5) housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

"(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$400,000,000: *Provided*, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That this authority shall continue until June 30, 1967."

*"Title VI—Alliance for Progress"*

"Sec. 105. Section 252 of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended by inserting immediately after 'fiscal year 1965' the following: 'and \$75,000,000 in fiscal year 1966'.

*"Chapter 3—International organizations and programs"*

"Sec. 106. Chapter 3 of part I of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

"(a) Amend section 301(c), which relates to assistance for Palestine refugees in the Near East, by adding at the end thereof the following: 'Contributions by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the calendar year 1966 shall not exceed \$15,200,000'.

"(b) Amend section 302, which relates to authorization, by striking out '1965' and '\$134,272,400' and substituting '1966' and '\$144,755,000', respectively.

*"Chapter 4—Supporting assistance"*

"Sec. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out in the first sentence '1965' and '\$405,000,000' and substituting '1966' and '\$369,200,000', respectively.

*"Chapter 5—Contingency fund"*

"Sec. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

"(a) Amend subsection (a) as follows:

"(1) Strike out '1965' and '\$150,000,000' and substitute '1966' and '\$50,000,000', respectively.

"(2) Add the following new sentence: 'In addition, there is hereby authorized to be appropriated to the President for use in Southeast Asia such sums, not to exceed \$89,000,000, as may be necessary in the fiscal year 1966 for programs authorized by parts I and II of this Act.'

"(b) Amend subsection (b) by striking out 'this section' and substituting 'the first sentence of subsection (a)'.

*"PART II"*

*"Chapter 2—Military assistance"*

"Sec. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

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"(a) Amend section 503(b), which relates to general authority, by striking out the words 'in foreign countries'.

"(b) Amend section 504, which relates to authorization, by striking out '1965' and '\$1,055,000,000' in the first sentence and substituting '1966' and '\$1,170,000,000', respectively.

"(c) Amend section 505, which relates to utilization of assistance, as follows:

"(1) In subsection (a), strike out the colon and add the following: ', or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort.'

"(2) Strike out subsection (b) and redesignate the proviso of subsection (a) as subsection (b).

"(3) In redesignated subsection (b), strike out 'Provided, That except' and substitute 'Except'; strike out 'or (2)' and substitute ', or (2) for civic action assistance, or (3)'

"(d) Amend section 507, which relates to sales, as follows:

"(1) In subsection (a), insert the following new sentence between the second and third sentences: 'Notwithstanding the provisions of section 644(m)(2), nonexcess defense articles may be sold under this subsection at the standard price in effect at the time such articles are offered for sale to the purchasing country or international organization.'

"(2) In subsection (b), strike out the period at the end of the first proviso, substitute a colon and add the following: 'Provided further, That the President may, when he determines it to be in the national interest, enter into sales agreements with purchasing countries or international organizations which fix prices to be paid by the purchasing countries or international organizations for the defense articles or defense services ordered. Funds available under this part for financing sales shall be used to reimburse the applicable appropriations in the amounts required by the contracts which exceed the price so fixed, except that such reimbursement shall not be required upon determination by the President that the continued production of the defense article being sold is advantageous to the Armed Forces of the United States. Payments by purchasing countries or international organizations which exceed the amounts required by such contracts shall be credited to the account established under section 508. To the maximum extent possible, prices fixed under any such sales agreement shall be sufficient to reimburse the United States for the cost of the defense articles or defense services ordered. The President shall submit to the Congress promptly a detailed report concerning any fixed-price sales agreement under which the aggregate cost to the United States exceeds the aggregate amount required to be paid by the purchasing country or international organization.'

"(e) Amend section 508, which relates to reimbursement as follows:

"(1) After 'this part' the first time it appears, insert 'have been or'.

"(2) After 'United States Government,' the first time it appears insert 'receipts received from the disposition of evidences of indebtedness and charges (including fees and premiums) or interest collected'.

"(3) Strike out 'the current applicable appropriation' and substitute 'a separate fund account'.

"(4) Strike out 'furnishing further military assistance on cash or credit terms' and substitute 'financing sales and guaranties, including the overhead costs thereof'.

"(f) Amend section 509(b), which relates to exchanges and guaranties, by inserting '(excluding contracts with any agency of the United States Government)' in the second sentence between the last word thereof and the period.

"(g) Amend section 510(a), which relates to special authority, as follows:

"(1) In the first sentence strike out '1965' and substitute '1966'.

"(2) In the second sentence, strike out '1965' and substitute '1966'.

"(h) Amend section 511, which relates to restrictions on military aid to Latin America, as follows:

"(1) In subsection (a), strike out 'a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense', and insert '\$25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States'; and amend the proviso to read as follows: 'Provided, That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the \$55,000,000 limitation provided by this subsection'.

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

"(b) To the maximum extent feasible, military assistance shall be furnished to American Republics in accordance with joint plans (including joint plans relating to internal security problems) approved by the Organization of American States. The President shall submit semiannual reports to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of this subsection.

"(i) Amend section 512, which relates to restrictions on military aid to Africa, as follows:

"(1) Strike out 'programs described in section 505(b) of this chapter' and substitute 'civic action requirements'.

"(2) Strike out '1965' and substitute '1966'.

## PART III

## Chapter 1—General provisions

"Sec. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

"(a) Amend section 605, which relates to retention and use of items, as follows:

"(1) In the section heading strike out 'ITEMS' and substitute 'CERTAIN ITEMS AND FUNDS'.

"(2) Add the following new subsections:

"(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective appropriation, fund, or account used to finance such transaction or to the appropriation, fund, or account currently available for the same general purpose.

"(d) Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account used to procure such defense articles or to the appropri-

ation, fund, or account currently available for the same general purpose.

"(b) Amend section 612, which relates to use of foreign currencies, by redesignating subsection (c) as subsection (b), and by striking out the first sentence of the second paragraph of such subsection and by adding at the end thereof the following new paragraph:

"The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars. Dollar funds made available pursuant to this Act shall not be expended for goods and services when United States-owned foreign currencies are available for such purposes unless the administrative official approving the voucher certifies as to the reason for the use of dollars in each case.

"(c) Amend section 613, which relates to foreign currencies, as follows:

"(1) Strike out the section heading and substitute the following: 'ACCOUNTING, VALUATION, REPORTING, AND ADMINISTRATION OF FOREIGN CURRENCIES'.

"(2) Add the following new subsection: "(d) In cases where assistance is to be furnished to any recipient country in furtherance of the purposes of this or any other Act on a basis which will result in the accrual of foreign currency proceeds to the United States, the Secretary of the Treasury shall issue regulations requiring that agreements, in respect of such assistance, include provisions for the receipt of interest income on the foreign currency proceeds deposited in authorized depositories: Provided, That whenever the Secretary of State determines it not to be in the national interest to conclude arrangements for the receipt of interest income he may waive the requirement thereof: Provided further, That the Secretary of State, or his delegate, shall promptly make a complete report to the Congress on each such determination and the reasons therefor."

"(d) Amend section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, as follows:

"(1) Amend the section heading to read as follows: 'PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—'

"(2) Amend subsection (e)(2), which relates to the act of state doctrine, by inserting after the words 'other right' each time they appear the words 'to property', and by striking out ', or (3) in any case in which the proceedings are commenced after January 1, 1966'.

"(3) In section 620(1), which relates to the prohibition against furnishing assistance to countries which fail to enter into agreements to institute the investment guaranty program and providing protection against certain risks, strike out 'December 31, 1965' and substitute 'December 31, 1966'.

"(4) At the end of such section 620, add the following new subsections:

"(n) In view of the aggression of North Vietnam, the President shall consider denying assistance under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1966—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities; and

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"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.

"(c) In determining whether or not to furnish assistance under this Act, consideration shall be given to excluding from such assistance any country which hereafter seizes, or imposes any penalty or sanction against, any United States fishing vessel on account of its fishing activities in international waters. The provisions of this subsection shall not be applicable in any case governed by international agreement to which the United States is a party."

*"Chapter 2—Administrative provisions"*

"Sec. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

"(a) Amend section 622, which relates to coordination with foreign policy, as follows:

"(1) In subsection (b), immediately after 'military assistance' insert '(including any civic action and sales program)'.

"(2) In subsection (c), immediately after 'military assistance program' insert '(including any civic action and sales program)'.

"(b) Amend section 624, which relates to statutory officers, as follows:

"(1) In subsection (b), strike out 'paragraph (3) of' and 'of the officers provided for in paragraphs (1) and (2) of that subsection', and substitute for the latter 'of one or more of said officers'.

"(2) In subsection (d), strike out 'Public Law 86-735' wherever it appears and substitute 'the Latin American Development Act, as amended'.

"(c) Amend section 625(d), which relates to the employment of personnel, by striking out 'twenty' in paragraph (2) and substituting 'forty'.

"(d) Amend section 626, which relates to experts, consultants, and retired officers, by redesignating subsection (d) as subsection (c).

"(e) Amend section 630, which relates to terms of detail or assignment, by inserting 'benefits' after 'travel expenses,' in paragraphs (2) and (4).

"(f) Amend section 631, which relates to missions and staffs abroad, by adding the following new subsection:

"(d) Wherever practicable, especially in the case of the smaller programs, assistance under this Act shall be administered under the direction of the Chief of the United States Diplomatic Mission by the principal economic officer of the mission in the case of assistance under part I, and by the senior military officer of the mission in the case of assistance under part II."

"(g) Amend section 635(g), which relates to general authorities, by inserting 'and sales' after 'loans' in the introductory clause.

"(h) Amend section 636, which relates to provisions on uses of funds, as follows:

"(1) In subsection (e), strike out 'section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62)' and substitute 'section 301 of the Dual Compensation Act (5 U.S.C. 3105)'.

"(2) In subsection (f), strike out 'Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes' and substitute 'Latin American Development Act, as amended'.

"(i) Amend section 637(a), which relates to administrative expenses, by striking out '1965' and '\$52,500,000' and substituting '1966' and '\$54,240,000', respectively.

"(j) Amend section 638 which relates to Peace Corps assistance, by striking out all beginning with 'or famine' and substituting a period.

"(k) Add the following new sections:

"SEC. 639. FAMINE AND DISASTER RELIEF.—No provision of this Act shall be construed to prohibit assistance to any country for famine or disaster relief.

"SEC. 640. MILITARY SALES.—Except as

otherwise provided in part II of this Act, no provision of this Act shall be construed to prohibit the sale, exchange, or the guaranty of a sale, of defense articles or defense services to any friendly country or international organization if the President shall have found, pursuant to section 503, that the assisting of such country or organization will strengthen the security of the United States and promote world peace."

*"Chapter 3—Miscellaneous provisions"*

"Sec. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

"(a) Amend section 642(a) (2), which relates to statutes repealed, by striking out '143,' and all beginning with 'Provided,' up to the semicolon.

"(b) Amend section 644, which relates to definitions, as follows:

"(1) In subsection (g), insert ', and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order,' after 'United States Government' and strike out 'as grant assistance'.

"(2) In subsection (m) (2), strike out 'Such price shall be the same standard price' and substitute 'Such standard price shall be the same price (including authorized reduced prices)'.

"(3) Amend the paragraph following the numbered paragraph (3) in subsection (m) as follows:

"(A) In the first sentence, insert 'and sales' after 'Military assistance'.

"(B) In the second proviso, strike out 'by the military assistance program'.

"(c) Amend section 645, which relates to unexpended balances, by striking out 'Public Law 86-735' and substituting 'the Latin American Development Act, as amended'.

"(d) At the end thereof add the following new section:

"SEC. 649. LIMITATION ON AGGREGATE AUTHORIZATION FOR USE IN FISCAL YEAR 1966.—Notwithstanding any other provision of this Act, the aggregate of the total amounts authorized to be appropriated for use during the fiscal year 1966 for furnishing assistance and for administrative expenses under this Act shall not exceed \$3,360,000,000."

*"Chapter 4—Amendment to the Agricultural Trade Development and Assistance Act of 1954"*

"SEC. 401. Section 107 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new paragraph:

"No sale under title I of this Act shall be made to the United Arab Republic unless

the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act."

And the Senate agree to the same.

THOMAS E. MORGAN,  
EDNA F. KELLY,  
WAYNE L. HAYS,  
BARRATT O'HARA,  
W. S. MAILLIARD,  
PETER H. B. FRELINGHUYSEN,  
*Managers on the Part of the House.*

J. W. FULBRIGHT,  
JOHN SPARKMAN,  
By J. W. F.  
MIKE MANSFIELD,  
By J. W. F.

BOURKE B. HICKENLOOPER,  
GEORGE AIKEN,  
FRANK CARLSON,  
By B. B. H.

*Managers on the Part of the Senate.*

## STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment, which is a substitute for both the text of the House bill and the text of the Senate amendment, and that the Senate agree to the same.

Except for clerical and minor drafting changes, the differences between the House bill and the substitute agreed to in conference are noted below.

## AUTHORIZATION OF FUNDS

The following table shows the differences between the House bill and the Senate amendment, the sums agreed to by the committee of conference and the administration appropriation request for programs authorized in this bill and in existing law:

*Foreign Assistance Act of 1965 (fiscal year 1966)*

(In thousands)

	(1) Executive appropriation request	(2) House	(3) Senate	(4) Conference	(2) and (4) Adjustment against House bill	(3) and (4) Adjustment against Senate amendment
Development Loan Fund.....	\$780,250	(1)	(1)	(1)		
Technical cooperation and develop- ment grants.....	210,000	\$210,000	\$210,000	\$210,000		
For southeast Asia <sup>1</sup> .....	29,000	(2)	29,000	(2)		
American schools and hospitals abroad.....	7,000	7,000	9,000	7,000	(2)	<sup>2</sup> -89,000
Alliance for Progress <sup>2</sup> .....	580,125	(3)	(3)	(3)		-2,000
Grants.....	(85,000)	(85,000)	(70,000)	(75,000)	(-10,000)	(+5,000)
International organizations and pro- grams.....	145,555	144,755	146,455	144,755		-1,700
Supporting assistance.....	369,200	369,200	360,000	369,200		+19,200
For southeast Asia <sup>2</sup> .....	20,000	(2)	20,000	(2)		<sup>2</sup> -80,000
Contingency fund <sup>2</sup> .....	50,000	50,000	50,000	50,000		
Special authorization for southeast Asia <sup>2</sup> .....	(3)	(2)	(2)	289,000	<sup>2</sup> +89,000	<sup>2</sup> +89,000
Military assistance.....	1,170,000	1,170,000	1,170,000	1,170,000		
Administrative expenses: AID.....	55,240	53,240	55,240	54,240	+1,000	-1,000
State Department.....	3,100	(4)	(4)	(4)		
Total.....	3,459,470	2,004,195	2,079,695	2,094,195	+80,000	+14,500

Footnotes on following page.



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<sup>1</sup> Existing law authorizes an appropriation of \$1,500,000,000 for fiscal year 1966, plus unappropriated portions of amounts authorized for fiscal years 1962-65. The Executive request for fiscal year 1966 is \$780,250,000.

<sup>2</sup> The House bill contained an authorization for an appropriation for military and economic programs in southeast Asia of such sums as may be necessary in fiscal year 1966. This was added to the section of the law relating to the contingency fund. The Senate amendment added \$9,000,000 to the authorization for technical cooperation and \$30,000,000 to the authorization for supporting assistance to reflect the Executive request of \$39,000,000 for use in southeast Asia. The conferees agreed to a special authorization of \$39,000,000 for southeast Asia under the contingency fund.

<sup>3</sup> Existing law authorizes an appropriation of \$600,000,000 for fiscal year 1966 against which the Executive has requested an appropriation of \$590,125,000. Neither the House bill nor the Senate amendment made any change in the total authorization for the Alliance for Progress for fiscal year 1966.

<sup>4</sup> Existing law contains a continuing authorization for such sums as necessary. The Executive has requested an appropriation of \$3,100,000.

NOTE.—The Senate amendment contained a limitation on the aggregate authorization for use in fiscal year 1966 of \$3,243,000,000. The conferees agreed to a limitation of \$3,360,000,000.

## RECAPITULATION

Total amount of new authorizations contained in H.R. 7750	\$2,684,195,000
Appropriations requested against previous authorizations:	
Development Loan Fund	\$780,250,000
Alliance for Progress	590,125,000
State Department administrative expenses	3,100,000
	1,363,475,000
Total authorized and requested for fiscal year 1966	3,457,670,000
Limitation on aggregate authorization for fiscal year 1966	3,360,000,000
Reduction below total authorized and requested for fiscal year 1966	97,670,000
Reduction below Executive request	92,470,000

## USE OF EXCESS PROPERTY—SECTION 101 (SENATE—SEC. 101 (A))

The Senate amendment added a sentence to section 102 of the act—statement of policy—expressing the sense of the Congress that in furnishing assistance under this part, excess personal property should be utilized wherever practicable in lieu of the procurement of new items for U.S.-assisted projects and programs.

A sentence already in the statement of policy dealing with this matter was modified by changing the phrase "excess property" to "excess personal property."

The House bill contained no language dealing with this subject.

The managers on the part of the House accepted the Senate language, except that the insertion of the word "personal" in the last sentence of the paragraph in the existing statement of policy was deleted.

The managers for the House are convinced that Congress already has indicated that it favors the use of excess property in lieu of the procurement of new items in carrying out the foreign aid program, and that a further and stronger statement of congressional intent on this subject would be desirable. They did not regard the reference to "excess personal property," rather than retention of the phrase "excess property," as adding anything to the meaning.

## CHANNELING ASSISTANCE THROUGH MULTILATERAL PROGRAMS AND INTERNATIONAL ORGANIZATIONS—SECTION 102 (A) (SENATE—SECS. 101 (B) AND 102 (C))

Section 101 (b) of the Senate amendment included a statement that Congress urges that an increasing proportion of U.S. aid be placed on a multilateral basis.

The House bill contained no comparable provision.

Section 102 (c) of the Senate amendment included an amendment to section 205 of the act to increase from 10 to 15 percent the development loan funds which might be made available to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation, together with a proviso stating that with respect to any dollars expended pursuant to this authority, the United States shall use its voting power to vote for disapproval of any International Development Association (IDA) loan for any activity in a country to which assistance is suspended pursuant to section 620 (e) (1) of the act, which requires the suspension of U.S. aid to countries which expropriate U.S. property.

The House bill did not contain comparable provisions.

The managers on the part of the House agreed to accept the Senate language increasing the limit on the use of development loan

funds by the International Development Association, the International Bank for Reconstruction and Development or the International Finance Corporation from 10 to 15 percent, but refused to concur in a statement that "Congress further urges that the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis and that the United States continue its efforts to improve coordination among programs of assistance carried out on a bilateral basis by free world nations."

The increase from 10 to 15 percent is permissive only. No use has been made of this authority in the past, and the Executive reports that no plan for allocating development loan funds to these international agencies is currently being considered for fiscal year 1966.

## REGIONAL DEVELOPMENT IN AFRICA—SECTION 102 (B) (SENATE—SEC. 101 (D))

Section 102 (d) of the Senate amendment added a new section 206 to the act relating to regional development in Africa. The House bill did not contain a similar provision.

The House conferees accepted the Senate language. The new language reflects the view that, in promoting African economic development, African regional development institutions, including the recently created African Development Bank, should be utilized. In accepting this language, the conferees are of the opinion that the primary responsibility for free world economic assistance to Africa rests with Europe and that the role of the United States, at most, is that of an interested minority participant.

## earmarking OF EXTENDED RISK GUARANTIES FOR HOUSING—SECTION 104 (A) (3) (B) (HOUSE—SEC. 103 (B) (3) (B))

Section 103 (b) (3) (B) of the House bill amended section 221 (b) (2) of the Foreign Assistance Act, which relates to extended risk guaranties, to provide that of the \$300 million of guaranties authorized to be issued under that section not less than \$150 million could be issued only for housing projects similar to those insured by the Federal Housing Administration.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House agreed to a compromise, increasing the limit on extended risk guaranties which could be used for purposes other than housing to \$175 million. This has the effect of assuring that \$125 million of the \$300 million limit currently in effect on extended risk guaranties will be available for housing projects similar to those insured by the Federal Housing Administration. This would not preclude the use of more than \$125 million for hous-

ing should a demand in excess of this total for housing investments develop.

## EXTENT OF INVESTMENT GUARANTY COVERAGE—SECTION 104 (B) (SENATE—SEC. 104 (B))

The Senate amendment included an amendment to section 221 (c) of the act, changing the existing limits on investment guaranty coverage from the value of the investment plus "actual earnings and profits" to the value of the investment plus "earnings or profits actually received."

The House bill did not contain a comparable provision.

The managers on the part of the House accepted a modification of the Senate language, limiting investment guaranty coverage to "earnings and profits actually accrued" rather than "received." It was the understanding of the committee of conference that it has always been the intent and the practice of the investment guaranty program that only earnings and profits actually accrued were covered and that the added language would further clarify this intent.

## LATIN AMERICAN HOUSING GUARANTIES—SECTION 104 (C) (HOUSE—SEC. 103 (E); SENATE—SEC. 104 (C))

The House bill amended section 224 (a) of the act to continue the present program of pilot or demonstration private housing projects and to broaden the purposes of guaranties for housing projects in Latin America to include (a) development of institutions engaged in Alliance for Progress programs, particularly cooperatives, free labor unions, and savings and loan type institutions; (b) construction of lower income housing; and (c) increased mobilization of savings and improvement of housing conditions in Latin America.

The Senate amendment similarly broadened the purposes of section 224 (a) but deleted specific reference to cooperatives, free labor unions, and savings and loan type institutions.

In addition, the House bill added a new subsection 224 (b) (4) to the act, defining as eligible for Latin American housing guaranties investments in "housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions and cooperatives."

The Senate amendment contained a similar provision, but did not include specific reference to free labor unions and cooperatives.

The managers on the part of the House accepted amendments to the House language which added appropriate references to "private enterprise" and to "private investment" in each instance in order to make clear that it was not intended that the free labor unions, cooperatives, and savings and loan type institutions should have priority over other private enterprise in the development of housing in Alliance for Progress programs.

## CEILING ON LATIN AMERICAN HOUSING GUARANTIES—SECTION 104 (E) (HOUSE—SEC. 103 (E); SENATE—SEC. 104 (E))

The Senate amendment increased from \$250 to \$350 million the total face amount of guaranties that may be issued for Latin American housing investments and provided that the authority to issue such guaranties should continue through June 30, 1968.

The House bill increased the issuing authority for such guaranties from \$250 to \$450 million and continued the authority to issue such guaranties through June 30, 1967.

The managers on the part of the House accepted a ceiling of \$400 million on the face amount of such guaranties, a figure which splits the difference between the \$350 million limit set by the Senate and the \$450 million set by the House. The authority to issue guaranties is continued through June 30, 1967.

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## ALLIANCE FOR PROGRESS—SECTION 105 (HOUSE—SEC. 104; SENATE—SEC. 106)

The House bill amended section 252 of the act to authorize an appropriation of \$600 million for fiscal year 1966 for the Alliance for Progress of which not more than \$85 million may be used for technical cooperation grants. The balance may only be used for dollar repayable loans.

The Senate amendment contained an identical authorization but limited the amount that may be used for technical cooperation grants to \$70 million.

The committee of conference agreed that not more than \$75 million of the \$600 million may be used for such grants. It was recognized that technical cooperation funds have financed a number of programs basic to the development of the Latin American countries. Among these are programs for improved tax collection services conducted by the U.S. Internal Revenue Service, support for educational programs for the Central American regional integration system, and programs for the improvements of savings and loan and credit facilities in a number of countries. It should be noted that the figure agreed upon does not increase the authorization contained in the bill; it is an allocation made from the \$600 million which was in the House bill and in the Senate amendment. The reduction from \$85 million to \$75 million has the effect of reserving a larger portion of the \$600 million for dollar repayable loans.

## STANDBY AUTHORIZATION FOR SOUTHEAST ASIA—SECTION 108(a)(2) (HOUSE—SEC. 107(a)(2); HOUSE—SEC. 102(a); SENATE—103(a); HOUSE—SEC. 106; SENATE—SEC. 108)

The House bill authorized for use in southeast Asia such sums for economic and military assistance as may be necessary in fiscal year 1966. It required the President to present to the Committee on Foreign Affairs and the Committee on Foreign Relations the programs to be carried out with the appropriations requested by the President under this authority.

The Senate amendment did not contain a comparable provision.

On June 1, 1965, the President sent a message to the Congress, requesting the authorization of \$89 million for the Agency for International Development for expanded programs of economic and social development in southeast Asia. This message was received after the passage of H.R. 7750 by the House but prior to its consideration by the Senate.

The Senate amendment authorized the \$89 million requested by the President (1) by increasing the authorization for technical cooperation and development grants from the figure of \$210 million contained in section 102 of the House bill to \$219 million, and (2) by increasing the authorization for supporting assistance by \$80 million.

The committee of conference agreed to a compromise according to which the managers on the part of the Senate accepted the figures for development grants and technical cooperation and for supporting assistance in the House bill, and the managers on the part of the House accepted a limitation of \$89 million on the special authorization for southeast Asia contained in section 107(a)(2) of the House bill.

In view of the fact that the House provision for an open-end authorization of funds was replaced by a specific authorization of \$89 million for that area, the managers on the part of the House agreed to delete the requirements for a determination by the President and for special reports to the Committee on Foreign Relations in the Senate and the Speaker of the House of Representatives in connection with the use of funds appropriated under this authority.

## CIVIC ACTION PROGRAMS—SECTION 201(C) (HOUSE—SEC. 201(C); SENATE—SEC. 201(C))

The House bill amended section 505 of the act to include authority for assisting foreign military forces in less developed friendly countries to construct public works and to engage in activities "helpful to the economic development of such friendly countries." It also recorded the sense of Congress that foreign military forces should not be maintained or established solely for civic action and that civic action should not detract significantly from the capability of the military to perform its military function.

The Senate amendment was similar to that contained in the House bill except that it authorized assistance for activities helpful to the "social" as well as economic development of friendly countries and provided that the statement of the sense of Congress should be followed "insofar as practicable."

The Senate receded with an amendment to the House bill that would authorize civic action programs helpful to the social as well as the economic development of the country. The inclusion of the word "social" will remove an ambiguity that may exist as to health and literacy programs carried on within the limitations contained in the House amendment.

## DRAWDOWN AUTHORITY—SECTION 201(G) (HOUSE—SEC. 201(G); SENATE—SEC. 201(G))

The House bill amended section 510 of the act to eliminate the requirement that the appropriations making reimbursement for defense articles and services used pursuant to the special authority should be made to the President, as are military assistance appropriations, so as to permit making such appropriations to the Department of Defense or to the President or any other agency as may be requested by the Executive.

The Senate amendment contained no comparable provision and retained existing law which authorizes an appropriation only to the President.

The managers on the part of the House accepted the Senate version. Appropriations for the various segments of the foreign assistance program are voted to the President. Acceptance of the Senate amendment retains this policy, thus permitting all foreign assistance appropriations to be contained in one appropriation act.

## RESTRICTIONS ON MILITARY AID TO LATIN AMERICA—SECTION 201(h) (SENATE—SEC. 201(h))

The Senate amendment to the House bill amended section 511 of the act in two respects. First, section 511(a) was amended to provide that, of the \$55 million annually permitted for grant programs of defense articles for American Republics, \$25 million may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States. Second, section 511(b) was rewritten to provide that, to the maximum extent feasible, military assistance shall be furnished to American Republics only in accordance with joint plans (including joint plans relating to internal security problems) approved by the Organization of American States. In addition, the President was directed to submit quarterly reports on the implementation of section 511(b).

The House bill contained no comparable provision.

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

Section 511(a) of existing law authorizes during each fiscal year the use of "a part" of the military aid funds for Latin America "for assistance in implementing a feasible plan for regional defense." The present situation in the Dominican Republic has pointed out the need for more positive and clearer language to encourage the establishment of an

inter-American military force. Accordingly, that language in existing law is repealed and is replaced by the provision that up to \$25 million of the \$55 million may be used on a cost-sharing basis for assistance to an inter-American force under the control of the Organization of American States (OAS).

Two points should be emphasized: First, the \$25 million is a ceiling. It does not have to be used only for this purpose should it prove impracticable to establish such a force. Second, it is required that the other American Republics contribute financially to the inter-American force. No formula for cost sharing is written into the law; this will be a matter of negotiations. The language makes clear that such a force will not be financed entirely by the United States. If an inter-American force can be created it will relieve the United States of much of the burden of trying to maintain peace in this hemisphere.

The proviso added by the conferees to section 511(a) stipulates that the costs of the defense articles supplied by the United States for the inter-American force in the Dominican Republic shall not be charged against the \$55 million ceiling. The conferees recognized that the continuing costs of the operation in the Dominican Republic cannot be determined. To charge these costs against the ceiling imposed by the law might make impossible any further bilateral or multilateral programs during the fiscal year.

The amended language in section 511(b) is a further effort to encourage the American Republics to work out "joint plans (including joint plans relating to internal security problems)." It is a logical sequel to the Special Consultative Committee on Security Against the Subversive Actions of International Communism, established at the Punta del Este Conference in early 1962, and the current efforts to deal with the situation in the Dominican Republic. The new language does not make military assistance to the American Republics contingent upon the adoption of joint plans; it is permissive. Further, it does not depend upon unanimous agreement by the members of the OAS. For example, a group of contiguous nations may be able to work out an acceptable plan to cope with internal security problems common to those nations.

The committee of conference recognized that progress in this field may be slow but that the time had come to begin a serious effort to share the responsibilities for hemispheric peace and security. The President is required to submit semiannual reports to the Congress on the progress that has been made under this section of the law.

In agreeing to the Senate amendment providing that \$25 million authorized for military aid to Latin America may be used on a cost-sharing basis to create an inter-American military force, the conferees desired to make it clear that none of these funds is to be used to finance research contracts for studies of opinion or attitudes or other sociological or behavioral studies unless such studies have the approval of the Secretary of State.

## USE OF FOREIGN CURRENCIES—SECTION 301(B) (SENATE—SEC. 301(C))

The Senate amendment included an amendment to section 612(c) of the act, substituting a new second paragraph which required AID administrative officials to certify upon approving each dollar payment voucher the reasons for use of dollars, instead of local currencies, whenever U.S.-owned local currencies were available.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision with an amendment to retain the definition of excess foreign currency contained in existing law



which had been repealed by the Senate amendment. The House managers were convinced that there had been too many instances in which dollars were spent when foreign currencies might have been used, and that requiring a modification of existing AID procedures would be more effective than a further directive that maximum use should be made of such currencies.

Officials responsible for approving vouchers can make the required certification only if they have at hand all of the necessary facts. One of the reasons why, on occasion, foreign currencies have not been used has been that officials responsible for procurement or for making payments were not fully informed as to their availability. It will be necessary for the Agency for International Development to give a higher priority and to devote more man-hours than it has in the past to making sure that in procurement negotiations and in making disbursements, the necessary data as to the availability of foreign currency and guidance as to its use are in the hands of the responsible personnel.

In situations where foreign currencies clearly are not available for procurement, such as in buying products in the United States, or procurement in countries where the demand for local currency to meet U.S. Government expenses considerably exceeds the supply, certification of individual vouchers should not be necessary.

#### HIGHEST RATE OF INTEREST OBTAINABLE ON U.S.-OWNED FOREIGN CURRENCIES—SECTION 301 (C) (SENATE—SEC. 301 (D))

The Senate amendment added a new subsection 613(d) to the act, providing that wherever U.S. assistance agreements under any act resulted in holdings of U.S.-owned local currencies, the Secretary of the Treasury should issue regulations that required, in all such agreements, that the United States should get interest income at the "highest interest rate lawfully obtainable from the recipient country or agencies thereof in the respective countries."

The provision allowed the Secretary of State to waive the requirement if he determined that the receipt of interest income was not in the U.S. national interest. A report to the Congress of each such determination by the Secretary of State was required.

The House bill did not contain a comparable provision.

The managers on the part of the House recognize that the United States has on deposit in foreign banks substantial amounts of foreign currencies derived from the sale of surplus agricultural commodities under title I of Public Law 480 and from other sources, and that under normal circumstances interest should be paid to the United States on such deposits. Although the Agency for International Development gave assurance that it is U.S. policy to collect such interest, it has not always done so. The conferees are of the opinion that a legal requirement to this effect is necessary.

The language of the Senate amendment was accepted, except that the reference to "the highest interest rate" to be obtained was deleted. The committee of conference strongly favors obtaining the highest rate of interest possible and is opposed to the acceptance of any "token" interest payment. The committee recognizes, however, that such a rate ought to be fixed by negotiation and that a general legal requirement would not be appropriate because of varying conditions in individual countries.

#### INVESTMENT GUARANTEES (SENATE—SEC. 301 (E) (1) AND (3))

The Senate amendment contained language added by a voice vote on the floor of the Senate, designed to prevent a repetition of an incident which occurred in a developing country in which it was claimed that rights of certain American investors had

been violated. No hearings had been held on the case in question, nor on the amendment designed to alleviate it. Consideration by the committee of conference developed that the issues were much less clear and far more complex and controversial than was at first supposed. The provision was deleted with the understanding that, should circumstances warrant, the entire subject could be reviewed at length and a determination made during the next annual hearings on foreign aid.

#### ACT OF STATE DOCTRINE—SECTION 301 (D) (2) (HOUSE—SEC. 301 (C) (2); SENATE—SEC. 301 (E) (2))

The House bill extended for an additional year the provisions of section 520(e) (2) of the act which provides that no court in the United States shall decline on the ground of the act of state doctrine to make a determination on the merits or to apply principles of international law in a case in which an act of a foreign state is alleged to be contrary to international law.

The Senate amendment made the provision permanent law and in addition modified the text to make it clear that the law does not prevent banks, insurance companies, and other financial institutions from using the act of state doctrine as a defense to multiple liability upon any contract or deposit or insurance policy in any case where such liability has been taken over or expropriated by a foreign state."

The House receded.

The managers on the part of the House accepted the Senate provisions with the understanding that this would not preclude either committee from reviewing the issues and making a further determination when hearings are held next year on renewal of the foreign aid authorization.

#### SANCTIONS AGAINST U.S. FISHING VESSELS AND CONTROL OF SHIPPING TO NORTH VIETNAM—SECTION 301 (D) (4) (SENATE—SEC. 301 (E) (5); HOUSE—SEC. 301 (C) (4))

The Senate amendment added a new subsection 620(o) to the act under which no assistance could be furnished under the act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in such an area. The amendment did not apply to extensions of jurisdiction pursuant to international agreement to which the United States is a party.

The House bill did not contain a comparable provision.

The House bill, however, included an amendment to section 620 of the Foreign Assistance Act, adding a new subsection (n) providing that, until the President determines that North Vietnam has ceased all efforts to overthrow the South Vietnamese Government, no funds authorized to be made available under the act (except under sec. 214) may be used for assistance to any country which failed to take appropriate steps, not later than 60 days after enactment of the bill, to prevent ships or aircraft under its registry from transporting equipment, materials, or commodities to or from North Vietnam. The Senate amendment contained no such provision.

The managers on the part of the House agreed to a compromise which eliminates the rigid prohibitions against supplying U.S. assistance in both instances but requires that consideration be given to the behavior of recipients of our aid with respect to these problems in determining the nature and amount of aid to be provided. Language was accepted, indicating that consideration should be given to excluding from U.S. assistance any country which imposes any penalty or sanction against any U.S. fishing ves-

sel on account of its fishing activities in international waters rather than a requirement that aid be terminated under such circumstances. A modification of the provision in the House bill relating to ships transporting cargo to North Vietnam was also agreed upon to the effect that the President shall consider denying assistance to any country failing to prevent its ships from transporting cargo as provided in the House bill, instead of prohibiting U.S. aid to such countries regardless of other circumstances.

The managers on the part of the House agreed that the United States should give consideration to the treatment of U.S. fishing vessels by foreign governments in determining the nature and amount of U.S. assistance made available to such governments. At the same time, they recognized that a complete prohibition of aid to governments interfering with U.S. vessels might in certain instances prevent the attainment of U.S. foreign policy objectives and adversely affect the entire program of the Alliance for Progress.

In accepting a modification of the language relating to assistance to countries permitting their ships to carry cargo to and from North Vietnam, the managers on the part of the House recognized that the complete withdrawal of free world carriers from the North Vietnam trade, even if it could be achieved, would have only a very limited effect upon the North Vietnam economy and military efforts. Military equipment and petroleum products are brought into the country on Communist-flag vessels. North Vietnam's foreign trade is already heavily oriented toward Communist China and the U.S.S.R. Free world trade amounted to only about 17 percent of value of North Vietnam's total trade for 1963. Although free world ships carry 45 percent of North Vietnam's seaborne imports by volume and 85 percent of seaborne exports (principally coal to Japan), the Communist countries could, in time, arrange it so that Communist-flag vessels and planes and the rail link with Communist China carried all the imports and exports Hanoi needed.

The language of the House bill afforded little negotiating leverage because most of the countries whose ships are still in the North Vietnam trade receive little or no assistance from the United States. The major nation with ships in this trade—the United Kingdom—no longer receives either economic or military assistance from the United States. The United States is making high-level diplomatic representations to obtain free world cooperation in getting ships and planes out of the North Vietnam trade, and a number of vessels have already left the trade because of commercial and safety considerations.

The managers on the part of the House accepted the argument that negotiations on this matter would be more effective if there was not a rigid requirement that aid be terminated.

#### EMPLOYMENT OF FOREIGN SERVICE PERSONNEL—SECTION 302 (C) (HOUSE—SEC. 302 (C); SENATE—SEC. 302 (B))

The House bill amended section 625(d) of the act by increasing from 20 to 50 the number of Foreign Service Reserve officers who, at any one time, may be initially assigned to duty in the United States for not more than 2 years.

The Senate amendment increased the limitation on such personnel from 20 to 30.

The Senate receded with an amendment which increased the limitation on such personnel to 40.

#### ELIMINATION OF MISSIONS—SECTION 302 (F) (SENATE—SEC. 302 (E))

The Senate amendment amended section 631 of the act by providing that in countries where the economic and military assistance program does not exceed \$1 million in a fiscal year, the AID mission staff personnel shall

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be withdrawn, and the program administered by economic officers and, where military aid is involved, by military officers attached to the U.S. diplomatic mission.

The House bill did not contain a comparable provision.

The managers on the part of the House receded with an amendment that removed the criterion of a program of \$1 million or less in any fiscal year as the basis for the withdrawal of personnel administering such economic or military assistance programs. In place of this rigid figure, the committee of conference inserted a provision that reductions in personnel should be undertaken "wherever practicable, especially in the smaller programs." The committee of conference is emphatic in seeking to reduce the size of our AID missions, particularly those in the smaller programs. It recognized that some progress has been made in this direction but believes that further progress is possible without impairing the effectiveness of our programs and, at the same time, resulting in a reduction of administrative costs. By the removal of the \$1 million figure, the committee expects that the Administrator of AID will examine programs in all the countries, particularly the smaller countries, with a view toward achieving further economies in money and personnel.

ADMINISTRATIVE EXPENSES—SECTION 302(d)  
(HOUSE—SEC. 302(h); SENATE—SEC. 302(h))

The House bill amended section 637(a) of the act to authorize an appropriation of \$53,240,000 for administrative expenses for fiscal year 1966.

The Senate amendment authorized an appropriation of \$55,240,000 for the same purpose.

The Senate receded with an amendment providing an authorization for an appropriation of \$54,240,000.

MILITARY SALES—SECTION 302(k)  
(SENATE—SEC. 302(j))

The Senate amendment added a new section 640 to the act, excluding military sales from several provisions of the act prohibiting U.S. assistance.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate language. They regarded the Senate provision as being a formal statement of the policy that sales of military equipment and services for dollars or on credit terms within limits accepted as being normal for commercial transactions were not subject to certain restrictions applicable to grant aid, which policy has always guided the Department of Defense. Military sales are subject to the restriction that sales may be made only to friendly nations when the President finds that such sales will strengthen the security of the United States and promote world peace.

It was the understanding of the managers on the part of the House that this authority would apply only to bona fide sales for value as defined in section 644(m) of the act to purchasers judged to be capable of making payment in full under reasonable credit terms. Any transaction, although technically a sale, where prospects of payment were in doubt or for currencies not needed by the United States would involve an element of grant assistance and would be subject to all of the restrictions relating to grant aid.

It is in the interest of the United States that the forces of friendly nations, on which we rely either to contribute to the common defense strategy or to defend against internal subversion, should be adequately equipped. It is better that equipment be supplied on a sales rather than a grant basis. It is not to our advantage to impose the same conditions on nations ready and willing to buy that we do on recipients of grant aid.

LIMITATION ON AGGREGATE AUTHORIZATION FOR FISCAL YEAR 1966—SECTION 303(d) (SENATE—SEC. 303(d))

The Senate amendment added a new section 649 to the act, which limited the aggregate authorization for an appropriation for fiscal year 1966 to the sum of \$3,243,000,000.

The House bill contained no comparable provision.

The managers on the part of the House receded with an amendment, limiting the aggregate authorization for an appropriation to \$3,360,000,000.

This sum must be measured against the Executive appropriation request for fiscal year 1966 of \$3,459,470,000. The latter figure includes amounts specifically authorized in this bill as well as the Executive appropriation requests against sums previously authorized for the Development Loan Fund, the Alliance for Progress, and for State Department administrative expenses. As a result of adjustments in amounts made in this bill for specific programs, together with those previously authorized and for which the Executive is requesting appropriations, the comparable figure is \$3,457,670,000. The effect of the ceiling imposed by this section of the bill is to reduce the total Executive program by \$97,670,000. It is left to the judgment of the Executive to effect reductions that will bring the programs funded by this act within the limit imposed by this section.

The managers on the part of the House strongly objected to the imposition of an overall reduction on the authorization for foreign aid rather than cutting individual authorizations. The committees of the Congress as a result of their hearings on the program should be sufficiently informed as to the merits of the various segments of the program to exercise judgment as to the places where cuts are justified. To impose a reduction in the overall ceiling on the total authorization, leaving discretion as to where the cuts will be made, is an abdication of responsibility by the Congress.

The individual authorizations approved by the House and Senate differed by such small amounts that there was no practicable way to compromise, adjust, and distribute an overall reduction of the magnitude of the cut provided in the Senate amendment other than to impose a similar limitation on the funds authorized.

PROPOSALS FOR 2-YEAR AUTHORIZATION AND FOR TEMPORARY PLANNING COMMITTEE

The two most troublesome issues in conference arose first from a number of provisions in the Senate bill which in totality had the effect of authorizing the aid program for a period of 2 years; and, second, from the so-called Morse amendment calling for termination by June 30, 1967, of the foreign aid program as presently constituted and for a thorough review by a Planning Committee to determine the nature of any aid programs that might be continued after June 1967.

As conference discussions continued, it became apparent that although the House conferees could not agree to a blanket 2-year authorization under present conditions, they were not irrevocably opposed to authorizing foreign aid funds for longer than a year regardless of circumstances. There was general agreement also that many of the shortcomings of the foreign aid program which have evoked public criticism are basic and cannot be corrected merely by improvement in administrative procedures or in the quality of personnel.

It was the consensus of the committee of conference that there have been so many changes in the world situation since 1961 that a most careful, overall review of the basic premises behind the foreign aid program is overdue.

After protracted discussion of the issues involved in the 2-year authorization and the Senate provisions relating to termination of the program as constituted and the creation of a Planning Committee, the Senate conferees reluctantly agreed to recede.

While appreciating that conferees cannot bind their colleagues in subsequent sessions of the Congress, the House conferees, in view of the action of the Senate conferees agreed to include the following expression of informal understandings in the statement on the part of the managers:

1. During consideration of the Foreign Assistance Act of 1966, House members of the committee of the conference will urge their colleagues to examine with the greatest care such proposals as may be submitted authorizing foreign aid programs for 2 or more years. The House of Representatives has approved authorizations for various aspects of the programs for periods of 2 years or longer on a number of occasions in the past, and the House conferees are prepared to suggest the consideration of longer term authorizations, taking into account the demands on the U.S. budget and the nature of the world situation next year.

If 2-year authorizations were made, the authorizing committees of the House and Senate might direct their attention in alternate years primarily to a review of aid policies and an evaluation of operations rather than focusing on the programs submitted by the Executive for the year to come.

2. The conferees of both Houses urge the President to inaugurate a review of the aid program as presently constituted, seeking to direct it more effectively toward the solution of the problems of the developing countries.

3. Finally, the House conferees recognize that the willingness of the Senate conferees to recede on these provisions represents not an abandonment of the positions taken by the Senate, but an attempt to reach a reasonable compromise. This was done by deferring for 1 year decisions on Senate provisions calling for a long-term authorization. There will thus be opportunity next year for the Congress and the administration to examine in depth proposals for the improvement of the foreign aid program.

THOMAS E. MORGAN,  
EDNA F. KELLY,  
WAYNE L. HAYS,  
BARRATT O'HARA,  
W. S. MAILLIARD,  
PETER H. B. PEELINGHUYSEN,

*Managers on the Part of the House.*

## FOOD AND AGRICULTURE ACT OF 1965

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 9811) to maintain farm income, to stabilize prices and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government costs and promote foreign trade, to afford greater economic opportunity in rural areas, and for other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 9811, with Mr. HARRIS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday it was agreed

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that title I of the bill would be considered as read and open for amendment at that point.

The Clerk will now report the committee amendment as printed in title I of the bill.

The Clerk read as follows:

Committee amendment: page 4, line 3, strike out "Act" and insert "title".

The committee amendment was agreed to.

Mr. JONES of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been disappointed, disillusioned, and somewhat surprised at the turn that has been taken in this bill. The House Committee on Agriculture worked a long time trying to arrive at legislation which would improve the agricultural situation in this country. I think that most of us admit it does need some improvement. Now, particularly in the cotton section of this bill, which is, of course, one of the more controversial sections, the bill that was reported from our committee at least started in the right direction to make some corrections. One of the things that has happened in the last several years has been that we have had a program which has produced more cotton than we can use domestically or can have any hope of selling in the foreign markets. We passed a bill last year that, of course, the proponents felt would help to correct that situation. I was one of the few Members coming from a cotton section who voted against the cotton bill last year. At that time I made certain predictions. While I do not claim I am smart or know everything that is to be known about cotton, I think the prediction I made at that time has come true. At that time the bill was passed due to the pressure and the influence of the mills. They got a real bonanza out of that bill. They had promised before our committee—and the testimony in the hearings will substantiate this—the mill operators told us that the additional cost of this bill would come back to the consumer in the form of lowered prices. They also told us that there would be increased consumption. Well, they did have some increased consumption in the domestic market of around 600,000 to maybe 800,000 bales of cotton, but on the other hand we lost more in the export market and came up with a net loss and added 1 million bales to the surplus that we have.

We have had an attractive program for the producer, and this last bill was very attractive for the mills. I predicted more than a year ago—and I stand on that statement today—that by 1970 the people that will be producing cotton will be having to produce at least two bales of cotton to the acre and they will have to be willing to sell that cotton on the basis of 25 cents. If they do not do that, they are going to be out of the cotton business.

This bill we had which was reported from the committee would have gone in that direction. In the past we have had, and for the benefit of those who are not familiar with cotton production, we have had what we call a release and reapportionment procedure in the law permit-

ting people who had cotton allotments, which were based on history—every person who had grown cotton had an opportunity to have an allotment and to grow it. Many of those people or a great number of people with small allotments did not want to grow cotton.

But their allotment was valuable to them because it added to the value of their land, so they would release their allotment of cotton and those allotments would go to people who had allotments and who wanted to expand their production. That might be all right, because we confined the release to the State in which the cotton allotment were. We did not allow them to cross State lines. But we did have this situation, that in many areas of the country in some States, we would have cotton allotments that were on land which yielded half a bale of cotton to the acre, and when they released the cotton allotment, it was not grown in the county where released, but was reapportioned and grown on land where the yields were much larger.

(Mr. JONES of Missouri's time having expired, he asked and was given permission to proceed for 2 additional minutes.)

Mr. JONES of Missouri. In the Cotton Belt, where cotton is grown, there are 1,049 counties—468 of those 1,049 counties released cotton which was not wanted by the growers in that county, and that cotton acreage was subsequently released to the State committees and was allocated to people who wanted to grow more cotton. In other words, almost 500 counties out of 1,049 had no restrictions on how much cotton they could grow. But in releasing this cotton from low-yield counties, it was transferred to high-yield counties. Last year there were 1½ million acres of cotton allotments released and reallocated to producers in other counties. I would say that in every instance or at least in practically every instance, it went to higher producing areas. In some instances, it went from areas that were producing only half a bale and went to a producer who was producing two and three bales of cotton to the acre. That cost the Government money in two ways. In other words, we piled up this surplus that we still have today; we have next to the largest surplus we have ever had in this cotton area. We also know that every time the Government supports cotton at a higher price than it can be sold for, it goes into loan and the Government takes a loss; at least, it has in many instances. During the early part of the program, it was not true. When we get to the amendments that are going to be offered to this section, I will have more to say about it. But I want you to think over this afternoon the amendments that are going to be offered to this cotton section. They are going in the wrong direction. They are not going to correct the situation one iota. They are going to make the situation worse and I will tell you why when the amendment to which I have referred is offered.

Mr. JONES. Mr. Chairman, I move to strike the requisite number of words.

(Mr. JONAS asked and was given permission to revise and extend his remarks.)

Mr. JONAS. Mr. Chairman, the bill under consideration contains many provisions which I do not approve and cannot support. However, I understand that amendments will be offered which, if adopted, will substantially improve the bill. I hope that the bill will be so improved, following action by the Committee of the Whole this afternoon, so that a majority of the Members of the House can vote for it on final passage.

Mr. Chairman, I am not going to discuss the wheat title, the feed grains title, or the other titles that are in controversy. Considerable debate occurred yesterday on those titles and additional debate will occur this afternoon as amendments are offered.

Therefore, Mr. Chairman, I have elected to confine my comments to a discussion of the effect which this bill will have on one-price cotton.

Mr. Chairman, I do not believe many Members contend that it is fair or equitable for the Federal Government, by legislative enactment, to make it possible for foreign competitors of domestic textile mills to buy American-grown cotton at one-third less than the American mills have to pay for that same cotton.

Mr. Chairman, in order to try and bring into sharp focus the reason why I think it is important for us to continue to maintain a one-price cotton system, I am going to reduce my comments to a few specific points. I do not believe they need elaboration or need argument, because I believe their mere recital makes approval of one-price cotton compelling.

Listen to these points:

First. By any standard used, the cotton textile industry is one of the most important industries in the United States. Approximately 1 million men and women derive their livelihoods directly from this industry, and if you include all allied activities the number goes up to 9 million—approximately one-eighth of the entire work force of the country.

Second. Last year the outlay of capital for plant and equipment to modernize and expand the textile industry amounted to approximately 17 percent total net worth, as compared to an average of 9 percent for other major industries. Textile mills last year spent around \$760 million for new plant and equipment, and the Department of Commerce estimates that such expenditures will be close to \$1 billion in 1965. When based upon net worth, the textile industry is presently spending more for capital improvements than any other major industry in the country.

Third. Since late 1963, there have been three wage increases of 5 percent each for textile workers, all attributable to the conversion from two-price to one-price cotton. The first increase came in anticipation of one-price cotton and the last two following the enactment of the legislation which brought the new system into effect. In the short period of 18 months, textile employees have received more than \$500 million through wage increases, and this does not take