

of any provisions of law, not inconsistent with this subchapter, applicable to the departments or agencies concerned, except that funds so transferred shall not be commingled with other funds of such departments or agencies and shall be accounted for separately. (Dec. 29, 1950, ch. 1182, § 7, 64 Stat. 1123.)

**§ 1558f. Local currency made available to United States.**

Local currency made available to the United States by Yugoslavia under the provisions of the agreement required by section 1338a of this title may be used for local currency administrative and operating expenses in Yugoslavia in connection with assistance provided by this subchapter without charge against appropriated funds. (Dec. 29, 1950, ch. 1182, § 8, 64 Stat. 1124.)

**§ 1558g. Shipping regulations.**

At least 50 per centum of the gross tonnage of any equipment, materials, or commodities made available under the provisions of this subchapter and transported on ocean vessels (computed separately for dry bulk carriers and dry cargo liners) shall be transported on United States flag commercial vessels at market rates for United States flag commercial vessels, if available. (Dec. 29, 1950, ch. 1182, § 9, 64 Stat. 1124.)

**§ 1558h. Termination of assistance.**

All or any part of the assistance provided hereunder shall be promptly terminated by the President—

(a) whenever he determines that (1) Yugoslavia is not complying fully with the undertakings in the agreement entered into under section 1558a of this title, or is diverting from the purpose of this subchapter assistance provided hereunder; or (2) because of changed conditions, continuance of assistance is unnecessary or undesirable, or no longer consistent with the national interest or the foreign policy of the United States;

(b) whenever the Congress, by concurrent resolution, finds termination is desirable.

Termination of assistance to Yugoslavia under this section shall include the termination of deliveries of all supplies scheduled under this subchapter and not yet delivered. (Dec. 29, 1950, ch. 1182, § 10, 64 Stat. 1124.)

**Chapter 20. MUTUAL DEFENSE ASSISTANCE PROGRAM [New]**

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**SUBCHAPTER I.—GENERAL PROVISIONS**

**§ 1571. Congressional declaration of findings and policy.**

The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common interest. The Congress finds that the efforts of the United States and other countries to promote peace and security in furtherance of the purposes of the Charter of the United Nations require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. These measures include the furnishing of military assistance essential to enable the United States and other nations dedicated to the purposes and principles of the United Nations Charter to participate effectively in arrangements for individual and collective self-defense in support of those purposes and principles. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to obtain agreements to provide the United Nations with armed forces as contemplated in the Charter and

agreements to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

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

The Congress recognizes that economic recovery is essential to international peace and security and must be given clear priority. The Congress also recognizes that the increased confidence of free peoples in their ability to resist direct or indirect aggression and to maintain internal security will advance such recovery and support political stability. (Oct. 6, 1949, ch. 626, § 1, 63 Stat. 714.)

#### SHORT TITLE

Congress in enacting this chapter provided by section 1 of act Oct. 6, 1949, cited to text, that it should be popularly known as the "Mutual Defense Assistance Act of 1949."

#### SEPARABILITY PROVISIONS

Section 413 of act Oct. 6, 1949, cited to text, provided that: "If any provision of this Act [this chapter] or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act [this chapter] and applicability of such provision to other circumstances or persons shall not be affected thereby."

#### § 1572. Military assistance furnished without payment; limitation.

Military assistance may be furnished under this chapter, without payment to the United States except as provided in the agreements concluded pursuant to section 1573 of this title, by the provision of any service, or by the procurement from any source and the transfer to eligible nations of equipment, materials, and services: *Provided*, That no equipment or materials may be transferred out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States or is needed by the reserve components of the armed forces to meet their training requirements. (Oct. 6, 1949, ch. 626, title IV, § 401, 63 Stat. 715.)

#### § 1573. Agreements with other nations prior to furnishing aid; provisions.

The President shall, prior to the furnishing of assistance to any eligible nation, conclude agreements with such nation, or group of such nations, which agreements, in addition to such other provisions as the President deems necessary to effectuate the policies and purposes of this chapter and to safeguard the interests of the United States, shall make appropriate provision for—

(a) the use of any assistance furnished under this chapter in furtherance of the policies and purposes of this chapter;

(b) restriction against transfer of title to or possession of any equipment and materials, information or services furnished under this chapter without the consent of the President;

(c) the security of any article, service, or information furnished under this chapter;

(d) furnishing equipment and materials, services, or other assistance, consistent with the Charter of the United Nations, to the United States or to and among other eligible nations to further the policies and purposes of this chapter. (Oct. 6, 1949, ch. 626, title IV, § 402, 63 Stat. 717.)

#### § 1574. Funds—(a) Allocation by President.

Any funds available for carrying out the policies and purposes of this chapter, including any advances to the United States by any nation for the procurement of equipment and materials or services, may be allocated by the President for any of the purposes of this chapter to any agency, and such funds shall be available for obligation and expenditure for the purpose of this chapter in accordance with authority granted hereunder or under the authority governing the activities of the agency to which such funds are allocated.

#### (b) Reimbursements.

Reimbursement shall be made by or to any agency from funds available for the purpose of this chapter for any equipment and materials, services or other assistance furnished or authorized to be furnished under authority of this chapter from, by, or through any agency. Such reimbursement shall include expenses arising from or incident to operations under this chapter and shall be made by or to such agency in an amount equal to the value of such equipment and materials, services (other than salaries of members of the armed forces of the United States) or other assistance and such expenses. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

#### (c) Definition of "value"; determination of gross cost.

The term "value", as used in subsection (b) of this section, means—

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

(2) with respect to any nonexcess equipment or materials furnished under this chapter which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or

the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment and materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

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

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

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under this chapter, all parts, accessories, or other materials used in the course of such repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

**(d) Limitation on amount of excess equipment to be furnished; determination of worth.**

Not to exceed \$450,000,000 worth of excess equipment and materials may be furnished under this chapter or may hereafter be furnished under chapter 16 of this title: *Provided*, That during the fiscal year ending June 30, 1951, an additional \$250,000,000 worth of excess equipment and materials may be so furnished. For the purposes of this subsection, the worth of any excess equipment or materials means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment or materials owned by the furnishing agency.

**(e) Extension of unobligated balances of 1950 funds.**

Funds heretofore appropriated and the contract authority heretofore granted to the President under the head "Mutual Defense Assistance Act" in the Second Supplemental Appropriation Act, 1950,

are authorized to be made available until June 30, 1951. (Oct. 6, 1949, ch. 626, title IV, § 403, 63 Stat. 717, amended July 26, 1950, ch. 491, §§ 9, 10, 64 Stat. 375.)

**REFERENCES IN TEXT**

The Second Supplemental Appropriation Act, 1950, referred to in the text is act Oct. 28, 1949, ch. 783, 63 Stat. 668.

**AMENDMENTS**

1950—Subsec. (d) amended by act July 26, 1950, § 9, cited to text, to authorize transfer of additional excess equipment as grant or reimbursable aid.

Subsec. (e) added by act July 26, 1950, cited to text.

**§ 1575. Delegation of President's powers.**

The President may exercise any power or authority conferred on him by this chapter through such agency or officer of the United States as he shall direct, except such powers or authority conferred on him in section 1576, in clause (2) of subsection (b) of section 1578, and in subsection (c) of section 1579 of this title. (Oct. 6, 1949, ch. 626, title IV, § 404, 63 Stat. 718, amended July 26, 1950, ch. 491, § 11, 64 Stat. 376.)

**AMENDMENTS**

1950—Act July 26, 1950, cited to text, amended section to except certain of the President's powers from delegation.

**EX. ORD. No. 10099. ADMINISTRATION OF CHAPTER**

Ex. Ord. No. 10099, Jan. 27, 1950, 15 F. R. 499, provided: By virtue of the authority vested in me by section 404 of the Mutual Defense Assistance Act of 1949, approved October 6, 1949 (Public Law 329, 81st Congress) [this section], hereinafter referred to as the Act, and as President of the United States, it is hereby ordered as follows:

1. (a) The Secretary of State is authorized and directed to perform the functions and exercise the powers and authority vested in the President by the Act, except by section 303, section 405, subsection (e) of section 406, clause 2 of subsection (b) of section 407, and subsection (b) of section 411 thereof [sections 1604, 1576, 1577 (e), 1578 (b) (2), and 1583 (b) of this title, respectively].

(b) Within the scope of the authority delegated to him by this order, the Secretary of State shall (1) have responsibility and authority for the direction of the programs authorized by the Act [this chapter], (2) make full and effective use of agencies, departments, establishments, and wholly-owned corporations of the Government, with the consent of the respective heads thereof, in the conduct of operations under such programs, and coordinate the operations of such programs among them, and (3) advise and consult with the Secretary of Defense and the Administrator for Economic Cooperation in order to assure the coordination of the mutual-defense-assistance activities with the national-defense and economic-recovery programs.

2. All assistance provided to recipient countries under the authority delegated by this order shall be in conformity with programs approved by the Secretary of State after consultation with the Secretary of Defense and the Administrator for Economic Cooperation. As provided in section 401 of the Act [section 1572 of this title], no equipment or material may be transferred out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States or that such equipment or material is needed by the reserve components of the armed forces to meet their training requirements. The Administrator for Economic Cooperation shall advise the Secretary of State concerning the effect of programs approved by the Secretary of State under the authority delegated to him by this order upon the achievement of the purposes of

the Economic Cooperation Act of 1948, as amended [sections 1501–1522 of this title], and of the purposes of the United States program of economic assistance in Korea.

3. Funds appropriated or otherwise made available for the purposes of carrying out the portions of the Act pertinent to the authority delegated by this order may be allocated by the Secretary of State to any agency, department, establishment, or wholly-owned corporation of the Government for obligation and expenditure in accordance with programs approved by the Secretary of State under such authority.

#### § 1576. Termination of assistance.

The President shall terminate all or part of any assistance authorized by this chapter under any of the following circumstances:

(a) If requested by any nation to which assistance is being rendered;

(b) If the President determines that the furnishing of assistance to any nation is no longer consistent with the national interest or security of the United States or the policies and purposes of this chapter; or

(c) If the President determines that provision of assistance would contravene any decision of the Security Council of the United Nations, or if the President otherwise determines that provision of assistance to any nation would be inconsistent with the obligation of the United States under the Charter of the United Nations to refrain from giving assistance to any nation against which the United Nations is taking preventive or enforcement action or in respect of which the General Assembly finds the continuance of such assistance is undesirable.

(d) If, in the case of any nation, which is a party to the North Atlantic Treaty, the President determines after consultation with the North Atlantic Treaty Council that such nation is not making its full contribution through self-help and mutual assistance in all practicable forms to the common defense of the North Atlantic area; and in the case of any other nation, if the President determines that such nation is not making its full contribution to its own defense or to the defense of the area of which it is a part.

(e) Assistance to any nation under this chapter may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress: *Provided*, That funds made available under this chapter shall remain available for twelve months from the date of such termination for the necessary expenses of liquidating contracts, obligations, and operations under this chapter. (Oct. 6, 1949, ch. 626, title IV, § 405, 63 Stat. 718, amended July 26, 1950, ch. 491, § 13, 64 Stat. 377.)

#### AMENDMENTS

1950—Subsec. (d) added by act July 26, 1950, cited to text.

Subsec. (e), formerly subsec. (d), renumbered by act July 26, 1950, cited to text.

#### § 1577. Personnel—(a) Employment of additional civilian employees by agencies; compensation.

Any agency may employ such additional civilian personnel without regard to section 947 (a) of Title

5, as the President deems necessary to carry out the policies and purposes of this chapter.

#### (b) Detail or assignment of armed forces personnel.

Notwithstanding the provisions of section 576 of Title 10, personnel of the armed forces may be assigned or detailed to noncombatant duty, including duty with any agency or nation, for the purpose of enabling the President to furnish assistance under this chapter.

#### (c) Technical experts and engineering consultants; compensation.

Technical experts and engineering consultants, not to exceed fifteen persons at any one time, as authorized by section 55a of Title 5, required for the purposes of this chapter, may, if the President deems it advantageous for the purposes of this chapter and if in his opinion the existing facilities of the agency concerned are inadequate, be employed by any agency performing functions under this chapter, and individuals so employed may be compensated at rates not in excess of \$50 per diem.

#### (d) Same; laws inapplicable to service.

Service of any individual employed as a technical expert or engineering consultant under subsection (c) of this section shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, and 284 of Title 18, of section 99 of Title 5, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service.

#### (e) Compensation limitations.

For the purpose of carrying out the provisions of this chapter, there may be employed not to exceed three persons at a rate of compensation not to exceed \$15,000 and one person at a rate of compensation not to exceed \$16,000. Any person so employed shall be appointed by the President, by and with the advice and consent of the Senate. (Oct. 6, 1949, ch. 626, title IV, § 406, 63 Stat. 718.)

#### § 1578. Laws unaffected; performance of functions by President.

(a) Nothing in this chapter shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946.

(b) The President may perform any of the functions authorized under section 1572 of this title without regard to (1) the provisions of section 1262 (a) of Title 10, and section 546 (e) Title 34; and (2) such provisions as he may specify of sections 441, 444, 445, and 447–457 of this title. (Oct. 6, 1949, ch. 626, title IV, § 407, 63 Stat. 719.)

#### REFERENCES IN TEXT

The Atomic Energy Act of 1946, referred to in the text of subsection (a), is classified to chapter 14 of Title 42, The Public Health and Welfare.

**§ 1579. Operational funds—(a) Advance by Reconstruction Finance Corporation; amount; reimbursement.**

Notwithstanding any other provision of law, the Reconstruction Finance Corporation is authorized and directed, until such time as appropriations shall be made under the authority of this chapter and chapter 16 of this title, to make advances not to exceed in the aggregate \$125,000,000 to carry out the provisions of this chapter and chapter 16 of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder from funds made available for the purposes of this chapter and chapter 16 of this title.

**(b) Administration expenses for subchapter II.**

Funds made available for carrying out the provisions of title I shall be available for the expenses of administering the provisions of this chapter and of chapter 16 of this title. Whenever possible the expenses of administration of this chapter shall be paid for in the currency of the nation where the expense is incurred, as provided in subsection (d) of this section.

**(c) Transfer of funds by President; notification to House and Senate Committee.**

Whenever he determines that such action is essential for the effective carrying out of the purposes of this chapter, the President may from time to time utilize not to exceed in the aggregate 10 per centum of the funds and contract authority made available for the purposes of any subchapter of this chapter for the purposes of any other subchapter of this chapter, or in the event of a development seriously affecting the security of the North Atlantic area for the purpose of providing military assistance to any other European nation whose strategic location makes it of direct importance to the defense of the North Atlantic area and whose immediately increased ability to defend itself, the President, after consultation with the governments of the other nations which are members of the North Atlantic Treaty, finds contributes to the preservation of the peace and security of the North Atlantic area and is vital to the security of the United States. Whenever the President makes any such determination he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

**(d) Use of foreign currency for payment of essential administrative expenses.**

Upon approval by the President, any currency of any nation received by the United States for its own use in connection with the furnishing of assistance under this chapter may be used for expenditures for essential administrative and operating expenses of the United States incident to operation under this

chapter and the amount, if any, remaining after the payment of such expenses shall be used only for purposes specified by Act of Congress. (Oct. 6, 1949, ch. 626, title IV, § 408 (a—d), 63 Stat. 719, Amended July 26, 1950, ch. 491, § 12 (a, b), 64 Stat. 376.)

**CODIFICATION**

Section is composed of subsecs. (a)—(d) of section 408 act Oct. 6, 1949, cited to text. Subsecs. (e) and (f) of said section 408 are set out as section 1580 of this title.

**AMENDMENTS**

1950—Subsec. (c) amended by act July 26, 1950, § 12 (a), cited to text, to permit the President to transfer not to exceed in the aggregate 10 percent of the amounts made available for any one subchapter to the purposes of any other subchapter, and to allow such transfer to be made to any strategically located nation.

Subsec. (d) amended by act July 26, 1950, § 12 (b), cited to text, to permit the expenditure of foreign currency funds for operating as well as administrative expenses.

**§ 1580. Transfer of equipment, materials, or services to designated nations; reimbursement of "fair value" of goods to United States; limitation on outstanding contracts; transfers disallowed.**

The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of equipment, materials or services to: (A) nations eligible for assistance under subchapters II and III of this chapter, (B) a nation which has joined with the United States in a collective defense and regional arrangement, or (C) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (C), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, and that it will not undertake any act of aggression against any other state: *Provided further*, That, in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by, any agency, to any nation as provided in paragraph (1) of this subsection, such nation shall first make available the fair value, as determined by the President, of such equipment, materials, or services. The fair value shall not be less for the various categories of equipment or materials than the "value" as defined in subsection (c) of section 1574 of this title: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be

less than the value specified in paragraph 1 of subsection (c) of section 1574 of this title plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract which will assure the United States against any loss on the contract, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$100,000,000.

Any equipment or materials procured to carry out the purposes of subchapter II of this chapter shall be retained by, or transferred to, and for the use of, such department or agency of the United States as the President may determine in lieu of being disposed of to a nation which is a party to the North Atlantic Treaty whenever in the judgment of the President of the United States such disposal to a foreign nation will not promote the self-help, mutual aid, and collective capacity to resist armed attack contemplated by the treaty or whenever such retention is called for by concurrent resolution by the two Houses of the Congress. (Oct. 6, 1949, ch. 626, title IV, § 408 (e, f), 63 Stat. 720, amended July 26, 1950, ch. 491, § 12 (c), 64 Stat. 376.)

#### CODIFICATION

Section is composed of subssecs. (e) and (f) of section 408 of act Oct. 6, 1949, cited to text. Subssecs. (a)–(d) of said section 408 are set out as section 1579 of this title.

#### AMENDMENTS

1950—Act July 26, 1950, cited to text, amended first paragraph of section to allow military equipment to be sold to, or procured for, nations “eligible for assistance” on a grant basis under subchapters II and III of this chapter, to permit sales to certain other nations of strategic importance, to permit the pricing of reimbursable military assistance at its fair values rather than at original cost to the United States, and to limit the amount of outstanding contracts to \$100,000,000.

#### § 1581. Transportation of equipment, etc., on United States flag vessels; rates.

That at least 50 per centum of the gross tonnage of any equipment, materials, or commodities made available under the provisions of this chapter, and transported on ocean vessels (computed separately for dry bulk carriers and dry cargo liners) shall be transported on United States flag commercial vessels at market rates for United States flag commercial vessels in such manner as will insure a fair and reasonable participation of United States flag commercial vessels in cargoes by geographic areas. (Oct. 6, 1949, ch. 626, title IV, § 409, 63 Stat. 720.)

#### § 1582. Reports to Congress.

The President, from time to time, but not less frequently than once every six months, while opera-

tions continue under this chapter, shall transmit to the Congress reports of expenditures and activities authorized under this chapter, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. (Oct. 6, 1949, ch. 626, title IV, § 410, 63 Stat. 720.)

#### § 1583. Definitions.

For the purpose of this chapter—

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

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

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

(d) The term “services” shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this chapter.

(e) The term “agency” shall mean any department, agency, establishment, or wholly owned corporation of the Government of the United States.

(f) The term “armed forces of the United States” shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the reserve components thereof.

(g) The term “nation” shall mean a foreign government eligible to receive assistance under this chapter. (Oct. 6, 1949, ch. 626, title IV, § 411, 63 Stat. 720.)

#### § 1584. Penalties for accepting commissions, etc., for procurement services by United States officers and employees.

Whoever offers or gives to anyone who is now or in the past two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, or services under this chapter, and whoever, being or having been an employee or officer

of the United States in the past two years, solicits, accepts, or offers to accept any such commission, payment, or gift, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed three years, or both. (Oct. 6, 1949, ch. 626, title IV, § 412, 63 Stat. 721.)

**§ 1585. Transfer of defense articles to Department of Defense.**

The President at any time before the actual delivery of any defense articles to any other country may transfer the same to the United States Department of Defense for the use of such department. (Sept. 27, 1950, ch. 1052, ch. X, § 1, 64 Stat. 1059.)

**CODIFICATION**

Section was enacted as a part of the Supplemental Appropriation Act, 1951, and not as a part of the Mutual Defense Assistance Act of 1949 which comprises this chapter.

**SUBCHAPTER II.—NORTH ATLANTIC TREATY NATIONS**

**§ 1591. Form of assistance; agreements concerning use.**

In view of the coming into force of the North Atlantic treaty and the establishment thereunder of the Council and the Defense Committee which will recommend measures for the common defense of the North Atlantic area, and in view of the fact that the task of the Council and the Defense Committee can be facilitated by immediate steps to increase the integrated defensive armed strength of the parties to the treaty, the President is authorized to furnish military assistance in the form of equipment, materials, and services to such nations as are parties to the treaty and request such assistance. Any such assistance furnished under this subchapter shall be subject to agreements, further referred to in section 1573 of this title, designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty and to realize unified direction and effort; and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith. (Oct. 6, 1949, ch. 626, title I, § 101, 63 Stat. 715, amended July 26, 1950, ch. 491, § 1, 64 Stat. 374.)

**AMENDMENTS**

1950—Act July 26, 1950, cited to text, amended section to authorize assistance to any nations adhering to the North Atlantic Treaty who hereafter request assistance.

**§ 1592. Appropriations.**

(a) There are authorized to be appropriated to the President for the period through June 30, 1950, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the policies and purposes of this title, not to exceed \$500,000,000, of which not to exceed \$100,000,000 shall be immediately available upon appropriation, and not to exceed \$400,000,000 shall become available when the President of the United

States approves recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty. The recommendations which the President may approve shall be limited, so far as expenditures by the United States are concerned, entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority.

(b) In addition to the amounts heretofore authorized to be appropriated, there are authorized to be appropriated to the President for the year ending June 30, 1951, out of any money in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the policies and purposes of this subchapter, not to exceed \$1,000,000,000, (Oct. 6, 1949, ch. 626, title I, § 102, 63 Stat. 715, amended July 26, 1950, ch. 491, § 2, 64 Stat. 374.)

**AMENDMENTS**

1950—Act July 26, 1950, cited to text, designated entire former section to be subsection (a), and added subsection (b).

**§ 1593. Additional contract authorizations.**

In addition to the amount authorized to be appropriated under section 1592 of this title, the President shall have authority, within the limits of specific contract authority which may be hereafter granted to him in an appropriation Act, to enter into contracts for carrying out the provisions and accomplishing the policies and purposes of this title in amounts not exceeding in the aggregate \$500,000,000 during the period ending June 30, 1950, and there are authorized to be appropriated for expenditure after June 30, 1950, such sums as may be necessary to pay obligations incurred under such contract authorization. No contract authority which may be granted pursuant to the provisions of this section shall be exercised by the President until such time as he has approved recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty. (Oct. 6, 1949, ch. 626, title I, § 103, 63 Stat. 715.)

**§ 1594. Limitation on use of funds.**

None of the funds made available for carrying out the provisions of this chapter or chapter 16 of this title, shall be utilized (a) to construct or aid in the construction of any factory or other manufacturing establishment outside of the United States or to provide equipment (other than production equipment, including machine tools) for any such factory or other manufacturing establishment, (b) to defray the cost of maintaining any such factory or other manufacturing establishment, (c) directly or indirectly to compensate any nation or any governmental agency or person therein for any diminution in the export trade of such nation resulting from the carrying out of any program of increased military production or to make any payment, in the form of a bonus, subsidy, indemnity, guaranty, or otherwise, to any owner of any such factory or other manufacturing establishment as an inducement to

such owner to undertake or increase production of arms, ammunition, implements of war, or other military supplies, or (d) for the compensation of any person for personal services rendered in or for any such factory or other manufacturing establishment, other than personal services of a technical nature rendered by officers and employees of the United States for the purpose of establishing or maintaining production by such factories or other manufacturing establishments to effectuate the purposes of this chapter and in conformity with desired standards and specifications. (Oct. 6, 1949, ch. 626, title I, § 104, 63 Stat. 715, amended July 26, 1950, ch. 491, § 3, 64 Stat. 374.)

AMENDMENTS

1950—Act July 26, 1950, cited to text, amended section to clarify what types of production equipment may be furnished.

SUBCHAPTER III.—OTHER NATIONS

§ 1601. Appropriations for Greece, Turkey, and Iran.

(a) In addition to the amounts heretofore authorized to be appropriated, there are authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, not to exceed \$211,370,000 to carry out the provisions of chapter 16 of this title, for the period through June 30, 1950.

(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, not to exceed \$131,500,000 to carry out the provisions of chapter 16 of this title, and for the purpose of furnishing military assistance to Iran as provided in this chapter, for the year ending June 30, 1951. Whenever the furnishing of such assistance will further the purposes and policies of this chapter, the President is authorized to furnish military assistance as provided in this chapter to Iran. (Oct. 6, 1949, ch. 626, title II, § 201, 63 Stat. 716, amended July 26, 1950, ch. 491 § 5, 64 Stat. 375.)

AMENDMENTS

1950—Act July 26, 1950, cited to text, designated entire former section to be subsection (a), and added subsection (b).

TITLE II OF ACT OCT. 6, 1949, CITED TO TEXT

Title II of act Oct. 6, 1949, cited to text, was amended by section 4 of act July 26, 1950, cited to text, to read "Greece, Turkey, and Iran".

§ 1602. Military assistance to Republics of Korea and Philippines.

The President, whenever the furnishing of such assistance will further the purposes and policies of this chapter, is authorized to furnish military assistance as provided in this chapter to the Republic of Korea and the Republic of the Philippines. (Oct. 6, 1949, ch. 626, title III, § 301, 63 Stat. 716, amended July 26, 1950, ch. 491, § 6, 64 Stat. 375.)

AMENDMENTS

1950—Act July 26, 1950, cited to text, amended section by omitting Iran from its provisions.

§ 1603. Same; appropriations.

(a) There are authorized to be appropriated to the President for the period through June 30, 1950, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the purposes of section 1602 of this title, not to exceed \$27,640,000.

(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated to the President for the year ending June 30, 1951, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the purposes of section 1692 of this title, not to exceed \$16,000,000. (Oct. 6, 1949, ch. 626, title III, § 302, 63 Stat. 716, amended July 26, 1950, ch. 491, § 7, 64 Stat. 375.)

AMENDMENTS

1950—Act July 26, 1950, cited to text, designated entire former section to be subsection (a), and added subsection (b).

§ 1604. Appropriations for general area of China.

(a) In consideration of the concern of the United States in the present situation in China, there is authorized to be appropriated to the President, out of any moneys in the Treasury not otherwise appropriated, the sum of \$75,000,000 in addition to funds otherwise provided as an emergency fund for the President, which may be expended to accomplish in that general area the policies and purposes declared in this chapter. Certification by the President of the amounts expended out of funds authorized hereunder, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for the amounts expended.

(b) In addition to the amounts heretofore authorized to be appropriated, there are authorized to be appropriated to the President, out of any moneys in the Treasury not otherwise appropriated, the sum of \$75,000,000, to be used as provided in subsection (a) of this section, of which not more than \$35,000,000 may be accounted for as therein provided and any amount accounted for in such manner shall, with the exception of \$7,500,000, be reported to the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives. (Oct. 6, 1949, ch. 626, title III, § 303, 63 Stat. 716, amended July 26, 1950, ch. 491, § 8, 64 Stat. 375.)

AMENDMENT

1950—Act July 26, 1950, cited to text, designated entire former section to be subsection (a), and added subsection (b).

Chapter 21.—SETTLEMENT OF INTERNATIONAL CLAIMS [New]

Sec.

1621. Definitions.

1622. Establishment of Commission.

(a) Composition; appointment and compensation; chairman; quorum; acting members.

(b) Principal office; appointment and compensation of personnel.

(c) Rules and regulations; termination date; removal of personnel; reports.