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TO THE SENATE OF THE UNITED STATES:

I am returning herewith, without my approval, S. 824, the "Japan-United States Friendship Act".

I do so with great regret, for I am in full agreement with the essential purpose of the Act: "To support the close friendship and mutuality of interests between the United States and Japan." The recent visit of the Emperor and Empress was a profound expression of the growth and deepening of our friendship and interests over the past thirty years, and a strengthening of our educational and cultural exchange activities would contribute in a practical and significant way to the friendship, cooperation, and understanding between the people of our two countries.

It is my painful duty, however, to disapprove this bill because the method of appointing twelve of the eighteen members of the Japan-United States Friendship Commission would be in conflict with fundamental provisions of the Constitution, namely, Article II, section 2, clause 2, providing for the appointment of officers of the United States, and Article I, section 6, clause 2, which precludes Members of Congress from holding any office under the United States.

The Commission would administer a statute of the United States, direct the expenditure of appropriated funds, and appoint an Executive Director who would be an officer of the United States. It would thus not be merely of an advisory character or perform a single function of a limited duration, but would carry out sovereign functions of the United States for an indefinite period of time. The members of the Commission therefore would be officers of the United States who

have to be appointed, as provided for in Article II, section 2, clause 2 of the Constitution, by the President by and with the advice and consent of the Senate, or, with statutory authorization, by the President alone, the courts of law, or the heads of Departments.

The bill does not comply with that constitutional requirement. It would by legislative fiat constitute as officers of the United States eight members of an advisory panel, appointed from private life, who are not now officers of the United States, and would provide for the appointment of four of the Commissioners by the Speaker of the House and the President pro tempore of the Senate, respectively. Moreover, since the last mentioned four Commissioners are to be Members of Congress, the bill violates Article I, section 6, clause 2 of the Constitution, which precludes Members of Congress from holding any office under the United States.

For those constitutional reasons I am unable to give my consent to the bill.

In my Budget for fiscal year 1976 I requested a special appropriation to fulfill a 1962 cultural and educational agreement with Japan and to reciprocate the Japanese Government's gift in 1973 to several American educational institutions for Japanese studies. I continue to believe this to be a sound and constructive proposal to enhance our vital relations with Japan. Nevertheless, I am willing to approve alternative legislation which is unencumbered with constitutionally objectionable provisions and which authorizes strengthened

programs of cultural and educational exchange with Japan, administered by the Department of State using existing advisory groups as needed.

THE WHITE HOUSE

October , 1975

DRAFT SIGNING STATEMENT

Almost a year ago, I had the great honor and pleasure to be the first American President in office to visit Japan. My trip convinced me more than ever that we Americans can learn much from Japan's culture which will enrich the quality of our lives.

One week ago today, the Emperor and Empress of Japan completed a visit to the United States, the first such visit in history.

This exchange of State Visits not only symbolizes the importance of our relations but also the value of the exchange of people and ideas between the two countries.

Several years ago, the Government of Japan established a Foundation to expand understanding of Japan among universities and other institutions in the United States and elsewhere in the world. Through the Foundation, the Government of Japan~~X~~ made a generous gift to ten American universities to strengthen the study of Japanese history and culture. And this year, the Government of Japan announced the gift of an Experimental Theater to the Kennedy Center for the Performing Arts, as a Bicentennial present to the people of the United States.

Today is our turn. The people of America genuinely desire to build closer relations with the people of Japan. This requires that we understand each other's arts, society and history more widely and more deeply.

It is my pleasure today to sign into law an Act which will effectively further this important goal. Through the distinguished leadership of Senator Jacob Javits and Congressman Wayne Hays and many others in both Houses, the Japan-United States Friendship Act is now the law of the land.

The Act provides for the creation of a Japan-United States Friendship Commission to administer a program of expanded scholarly, cultural, and artistic ventures between our two countries. The Commission will be composed of the 12 members of the United States Panel of the Joint Committee on United States-Japan ~~Cultural~~ Cultural and Educational Cooperation; the Chairman of the National Endowment ~~of~~ the Humanities; two members of the House of Representatives to be appointed by the Speaker; and two members of the Senate to be appointed by the President ~~Pro Tempore~~ *Tempore Tempore*

*the Chairman of the National Endowment for the Arts;*

Because of the Constitutional provision against Members of the Congress serving in any other office of the United States, the Congressional Members of the Commission will serve in an advisory capacity, as non-voting members.

I am confident that the support made available under the Act for expanded cultural relations will contribute

importantly to the strengthening of understanding between the people of the United States and the people of Japan.

## STATEMENT BY THE PRESIDENT

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FOR IMMEDIATE RELEASE

Office of the White House Press Secretary

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THE WHITE HOUSE

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The bill does not comply with that constitutional requirement. It would by legislative fiat constitute as officers of the United States eight members of an advisory panel, appointed from private life, who are not now officers of the United States, and would provide for the appointment of four of the Commissioners by the Speaker of the House and the President pro tempore of the Senate, respectively. Moreover, since the last mentioned four commissioners are to be Members of the Congress, the bill violates Article I, section 6, clause 2 of the Constitution, which precludes Members of the Congress from holding any office under the United States.

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GERALD R. FORD

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THE WHITE HOUSE

October , 1975



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THE WHITE HOUSE,

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OCT 15 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 824 - Japan-United States  
Friendship Act  
Sponsor - Sen. Javits (R) New York and 32 others

Last Day for Action

October 20, 1975 - Monday

Purpose

Establishes a Japan-United States Friendship Trust Fund and a Japan-United States Friendship Commission to develop and carry out programs to promote scholarly, cultural, and artistic activities between Japan and the United States.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto message attached)
Department of Justice	Disapproval (Veto message attached)
Department of State	Approval
National Endowment for the Arts	Approval
National Endowment for the Humanities	Approval
Civil Service Commission	Approval (insofar as the personnel provisions are concerned)
Department of the Treasury	No objection
National Security Council	No objection
U.S. Information Agency	No objection
General Services Administration	No objection (Informally)

Discussion

The enrolled bill would establish an income-earning trust fund in the Treasury called the Japan-United States Friendship Trust Fund. Amounts in the Fund would be used to assist a

To *Conroy*  
10/15



variety of activities consistent with the bill's purpose including support for: (1) studies and research in Japanese and U.S. institutions of higher education; (2) major book collections in Japanese and U.S. libraries; (3) programs in the arts in association with Japanese and U.S. institutions; (4) graduate and faculty-level fellowships and scholarships in Japan and the United States; and (5) visiting professors and lecturers in Japanese and U.S. universities and colleges.

S. 824 would authorize appropriation to the Fund for fiscal year 1976 of approximately \$36 million. This total consists of an amount equivalent to 7.5 percent of the funds payable by Japan to the United States under the terms of the 1971 Okinawa reversion agreement (\$24 million) and approximately \$12 million of Japanese currency remaining in certain U.S. accounts in Japan (G.A.R.I.O.A.) earmarked for educational exchange activities. The Fund could also accept gifts and donations. The bill provides for investment of monies in the Fund by Treasury with proceeds of the investments accruing to the Fund.

The G.A.R.I.O.A. currencies would have to be spent in Japan. Annual expenditures from the Fund could not exceed the Fund's income plus five percent of the Fund's principal. Payments from the Fund, other than amounts already appropriated and gifts and donations, would be subject to appropriation.

The Japan-United States Friendship Commission created by the bill would develop and carry out, through grants, the programs authorized by the bill. The 18-member Commission would be composed of the 12 U.S. members of the U.S. Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation (an existing advisory commission created to foster cultural and educational exchanges), two Senators appointed by the President pro tempore of the Senate and two Representatives appointed by the Speaker of the House, the Chairman of the National Endowment for the Arts, and the Chairman of the National Endowment for the Humanities. The Chairman of the current U.S. Panel would serve as Chairman of the new Commission.

In your 1976 Budget you requested an appropriation of \$15 million, the amount then remaining in the G.A.R.I.O.A. account, for educational and cultural exchange activities with Japan. This appropriation, to be administered by the

State Department, was intended to fulfill a 1962 Japan-U.S. agreement to expand such activities and to reciprocate the Japanese Government's gift of \$10 million in 1973 to several American educational institutions for Japanese studies. Subsequently, in order to obtain use of the G.A.R.I.O.A. funds to implement the 1962 agreement and in view of the fact that the Administration did not support many features of S. 824 as introduced, Dr. Kissinger, in a May 12, 1975, memorandum to the Deputy Secretary of State, stated that you authorized the State Department to attempt to work out a compromise bill. The principal elements of a compromise bill were to include:

- authority for a one-time appropriation of G.A.R.I.O.A. funds together with an amount equivalent to 5 percent of the Okinawan reversion monies, avoiding the establishment of any new trust fund;
- provisions for project-by-project grants to U.S. institutions and support for Japan-U.S. cultural exchange projects and for American studies programs in Japanese educational institutions, but no authority for open-ended grants to U.S. institutions; and
- use of the U.S. membership on the existing U.S.-Japan Conference on Educational and Cultural Interchange, thereby avoiding the need for any new commission.

The intent of this last element in a compromise was to use the U.S. Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation to provide advisory services with respect to development and implementation of the program, the authority for which would reside in the State Department. (The Joint Committee was established by an exchange of notes between Japan and the United States in 1968, pursuant to a recommendation of the Fourth Japan-United States Cultural and Educational Conference held that year.) This part of the compromise may have been misinterpreted in the Congress and by the State Department, with the result that S. 824 as enrolled creates a new commission (independent executive agency) whose membership in part is the U.S. Panel of the Joint Committee. This provision is constitutionally objectionable, as set forth below.

While the enrolled bill apparently is designed to meet purposes similar to those envisioned in the Administration's original request and subsequent compromise offer, it continues

to be contrary to the Administration's approach by exceeding the Administration's original request by \$24 million and the compromise offer by \$8 million, by establishing a trust fund, and by creating a new commission. In addition, the description of the kinds of programs eligible to receive support from the Fund is so broad that the bill could result in open-ended Federal support for educational and cultural institutions in the United States.

More importantly, Justice recommends you disapprove the enrolled bill because it violates two provisions of the Constitution. In its enrolled bill letter, Justice notes that eight of the twelve members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation, who also are designated to serve on the new Commission established by S. 824, are not officers of the Government. Justice points out that because the Commission would have the function of administering a statute of the United States for an indefinite period, to direct the expenditure of appropriated funds, and to appoint at least one officer of the United States (the Executive Director of the Commission), its members therefore must be officers of the United States. Accordingly, Justice's enrolled bill letter states:

"It follows that the members of the Commission must be appointed as provided in Article II, section 2, clause 2 of the Constitution, i.e., by the President, by and with the advice and consent of the Senate, or with congressional authorization by the President, alone, or the courts of law, or heads of Departments.

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The provision designed to appoint the nongovernment members of the Panel as members of the Commission thus constitutes an attempt by Congress to appoint officers of the United States in violation of Article II, section 2, clause 2 of the Constitution."

Furthermore, Justice opposes the provision in the bill for appointment of four Members of Congress to serve on the Commission as contrary not only to the constitutional provision cited above, but also to Article I, section 6, clause 2 of the Constitution which precludes Members of Congress from holding any office under the United States.

State's enrolled bill letter, the substance of which has been forwarded to you separately as a memorandum from Deputy Secretary Ingersoll, urges approval of S. 824 because it will fulfill the 13-year old commitment to Japan to make available G.A.R.I.O.A. monies for expanded Japan-United States cultural programs, enable the U.S. to provide support for American studies at Japanese universities, reciprocate Japan's 1973 gift of \$10 million to certain American universities for Japanese studies, and offer you the opportunity to make a particularly effective gesture to Japan. The State Department's memorandum does not address the constitutionally objectionable provisions of the bill.

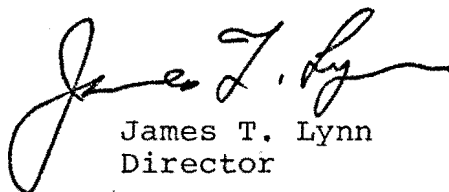
Although the bill falls far short of the elements of the compromise you authorized be sought, those defects alone-- a new agency, a trust fund, somewhat higher program levels, and overly broad authorization of assistance to American universities--would not, in our view, warrant a veto. However, we believe that Justice's objections on constitutional grounds outweigh the temporary advantages of approval. As Justice points out in its enrolled bill letter:

"Though the particular governmental function established by the bill may be of minor practical importance, the constitutional principles which prevent Congress from appointing, or Members of Congress from serving as, Executive officers are of major consequence, and must not be impaired. If the President accepts congressional designation and congressional membership with respect to the present Commission, his objections with respect to a similarly structured Commission with more important functions will lose some force--with the Congress, the public, and possibly even with the courts."

Accordingly, we join Justice in recommending your disapproval of the bill. Justice has prepared a proposed veto message which is attached. With a view to avoiding any misunderstanding or embarrassment of the Japanese in the wake of the visit of the Emperor and Empress, we have prepared an alternative draft of a message, also attached, which places greater stress on the importance with which you view our relations with Japan, on the fact that you have made a constructive proposal to further those relations, and on your willingness to sign a measure that does not contain the objectionable features of S. 824.

If you decide to disapprove the bill, you may wish to consider appropriate diplomatic notification and explanation by the State Department to the Japanese Government so as to avoid any misunderstanding as to the reasons for your action.

Finally, because of the possibility of misunderstanding in the Congress over the interpretation of the acceptable organizational arrangements in the May 12 outline of a legislative compromise, you may wish to direct the State Department provide clarification to Senator Javits and Representative Wayne Hays, the sponsor of the House version of the bill, in advance of announcement of a veto.



James T. Lynn  
Director

Enclosures





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
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OCT 15 1975

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Department of Justice	Disapproval (Veto message attached)
Department of State	Approval
National Endowment for the Arts	Approval
National Endowment for the Humanities	Approval
Civil Service Commission	Approval (insofar as the personnel provisions are concerned)
Department of the Treasury	No objection
National Security Council	No objection
U.S. Information Agency	No objection
General Services Administration	No objection (Informally)

Discussion

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## JAPAN-UNITED STATES FRIENDSHIP ACT

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SEPTEMBER 24, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. HAYS of Ohio, from the Committee on International Relations, submitted the following

### REPORT

[To accompany H.R. 9667]

The Committee on International Relations, to whom was referred the bill H.R. 9667 to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### PURPOSE OF THE BILL

The principal purpose of H.R. 9667 is to establish a Japan-United States Friendship Commission to further a greater understanding in each country of the cultural, artistic, and scholarly accomplishments of the other and to stimulate increased studies of Japan in the United States.

#### LEGISLATIVE HISTORY

On July 11, 1975 Hon. Wayne L. Hays introduced H.R. 8562, the Japan-United States Friendship Act. That measure is identical with one that had passed the Senate by voice vote and had been referred to the Committee on International Relations. The chairman of the committee, Hon. Thomas H. Morgan, referred both bills to the Subcommittee on International Operations of which Representative Hays is chairman. The subcommittee held a hearing on H.R. 8562 on September 10 at which Senator Jacob Javits and Assistant Secretary of State John Richardson, Jr., of the Bureau of Educational and Cultural Affairs testified. On September 17 the subcommittee considered amendments to the bill and unanimously order reported a clean bill. Accordingly H.R. 9667 was introduced by Representative Hays and 9 cosponsors on September 17. The bill was considered by the Committee on International Relations on September 24 and ordered reported unanimously by voice vote.

## BACKGROUND

This bill arises out of the post World War II evolution of Japanese-United States relations. In the intervening thirty years the two nations have increasingly developed closer bonds in many fields. Senator Javits summarized the present situation in this way:

Japan is the linchpin of America's foreign policy in Asia; it is economically and in many other ways our most effective ally in the Pacific and is our second largest trading partner. It is a world economic power in the non-Communist world, second only to the United States and is itself a working democracy with free institutions. The continuity of our mutually beneficial relationship with Japan will require most importantly mutual understanding of each other as well as continuing intelligent diplomacy, mutual self-interest and reciprocal respect.

Despite these obviously closer bonds, it was recognized that there was a critical gap in both countries in the area that could be called public communications. Citizens of both countries lacked an understanding of the values and accomplishments of the other. The Fulbright-Hays act through its exchange programs had done much to narrow this gap but the relatively modest appropriations for that act must be spread worldwide. There are, however, certain funds that have accrued to the United States from Japan that could be used to broaden and strengthen programs. Their use for a greater in-depth knowledge of Japan would be evidence of the seriousness with which we regard our relations with Japan. Most recently President Ford and Prime Minister Miki expressed their support for the general purposes sought to be achieved through this approach.

For its part the Japanese Government has already taken some significant steps toward strengthening its programs with the United States. It established the Japan Foundation to expand cultural and educational exchanges with the United States and Southeast Asia. The Foundation has an initial endowment of \$100 million which may be expanded to \$320 million. In 1973 it made gifts to American educational institutions for Japanese studies. This bill would be a complementary part of an intensified bilateral approach to improved Japanese-United States relations.

## SECTION-BY-SECTION ANALYSIS

*Section 1*

Section 1 cites the act as the "Japan-United States Friendship Act."

*Section 2*

Subsection (a) notes the post World War II evolution of increasingly closer relations between Japan and the United States as evidenced by the agreement for the reversion of Okinawa to Japan and the establishment of a special fund for educational and cultural exchange with Japan from monies paid to the United States for economic assistance given to Japan immediately after the war, popularly referred to as the GARIOA account.

Subsection (b) states that it is the purpose of this act to use the GARIOA money and a portion of the Okinawa reversion money to

improve people-to-people understanding and support the close friendship between the two countries.

*Section 3*

Subsection (a) establishes in the Treasury of the United States a special Japan-United States Friendship Trust Fund.

Subsection (b) identifies the range of activities in the scholarly, cultural, and artistic fields that will further the purposes of this act and which may be financed from the Fund.

Paragraph (1) includes among the eligible objectives the study of the Japanese language as well as other studies that will increase an understanding of the Japanese people and their culture. Scholarly research in Japan and in the United States is authorized.

Paragraph (2) authorizes support for major collections of Japanese books and publications in appropriate libraries in the United States, and reciprocally, support for American books and publications in Japan. The word "appropriate" is intended to include public libraries that are not connected with an institution of higher learning such as the Library of Congress or the New York Public Library.

Paragraph (3) provides support for programs in the arts. Among the programs that could be funded would be exhibitions of paintings and of the decorative arts similar to those arranged with the Soviet Union by the Metropolitan Museum of Art or with the People's Republic of China. This paragraph would also permit the sponsorship of performances presented at the Kennedy Center or other civic centers.

Paragraph (4) gives support for fellowships and scholarships at the graduate and faculty levels in Japan and the United States. The committee deleted support for undergraduates. Given the limited funds and the unlimited number of undergraduates who may wish to spend a year or two abroad, the committee believes that the purposes of the act could best be accomplished by limiting support to those who have a demonstrated interest in fields which would promote cordial Japanese-United States relations.

Paragraph (5) gives support for visiting professors and lecturers at colleges and universities in the two countries. Lecturers may come from circles outside the universities such as a distinguished writer or commentator.

Paragraph (6) is a catch-all to insure that any particular activities not enumerated in the previous paragraphs but that, in the judgment of the Commission, are consistent with the purposes of the act may be supported by the Fund.

Subsection (c) permits the payment from the Fund of administrative expenses incurred by the Commission created under section 4 of the bill.

Subsection (d) authorizes an appropriation to the Fund for fiscal year 1975 of an amount equal to 5 percent of the sum that Japan is paying to the United States for the reversion of Okinawa to Japan. The total payment to be made is \$320 million. Thus 5 percent would be \$16 million.

Subsection (e) (1) authorizes an appropriation to the Fund for fiscal year 1976 of the balance of the special fund for educational and cultural purposes set up under the GARIOA agreement in 1962.

GARIOA is the acronym for Government and Relief in Occupied Areas. During the occupation of Japan following World War II the United States extended relief and assistance to that country in the form of essential supplies. Subsequently Japan agreed to pay the United States \$490 million in yen of which \$25 million was set aside to strengthen mutual understanding between the two countries through expanded educational and cultural exchange programs. At present about \$12 million (in yen) remains. This balance would be transferred to the Fund and would be used to defray expenses of the program in Japan.

Thus the capital of the Fund would not exceed \$16 million in dollars and \$12 million in yen—a total of \$28 million.

Subsection (e) (2) assures that the \$3 million appropriated last year from the GARIOA account for United States participation in the International Ocean Exposition in Okinawa would not be affected by the use of the remaining sums in that account for the purposes of this bill.

Subsection (e) (3) permits future year appropriations of any authorized but unappropriated money from the reversion fund and the GARIOA account.

#### *Section 4*

Subsection (a) provides for the establishment of the Japan-United States Friendship Commission to administer the various programs authorized by this bill. The committee gave considerable attention to this matter. While a case could be made for the prestige that might be attached to a new commission, the committee is allergic to the creation of another commission particularly since there is already in existence a body that is engaged in encouraging and coordinating private and public groups and agencies in Japan and the United States to broaden the base of exchanges between the two countries. This body is the Joint Committee on United States-Japan Cultural and Educational Cooperation (CULCON) set up in 1968 by agreement between Japan and the United States. Each country has a panel of 12 members. The United States panel includes individuals from government, foundations, academic institutions, business, mass media, cultural affairs, and Japanese studies. CULCON has helped bring together government and private leaders interested in United States-Japan exchanges to identify problem areas, focus on plans to overcome these problems, and provide support to efforts to carry them out. The creation of another body would only raise questions of coordination and competition and increase administrative expenses. For these reasons the committee used the existing United States panel as the nucleus of the Commission established by this act. To that it added one Member of the House and one Member of the Senate as well as the Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities. These latter four have no vote. In summary, members of the existing United States panel will wear 2 hats—one as panel members and one as a member of the Commission.

Subsection (b) authorizes compensation for members of the Commission who are not officers or employees of the United States or Members of Congress. All members of the Commission are entitled to travel expenses including per diem while engaged in Commission work.

Subsection (c) authorizes the chairman of the United States panel to serve as Chairman of the Commission.

#### *Section 5*

Subsection (a) places upon the Commission the responsibility for developing and executing the various programs in Japan and the United States consistent with the objectives of the act and for making the necessary grants for these purposes.

Subsection (b) requires the Commission to submit an annual report together with recommendations to the President and to the Congress.

#### *Section 6*

This section enumerates the administrative functions of the Commission. Among these are provisions to permit the Commission to receive gifts of money and property with or without conditions or restrictions on its use.

The section also authorizes the annual expenditure of not more than 5 percent of the principal of the Fund. Thus if there is appropriated 5 percent of the Okinawa reversion money (\$16 million) and the remaining GARIOA sum (\$12 million)—a total of \$28 million—the annual expenditure from the principal of the Fund may not exceed \$1.4 million, part of which will be in yen.

To hold administrative expenses to a minimum the Commission may obtain support services and personnel from the Secretary of State on a reimbursable basis. Such reimbursement shall be made from the Fund.

#### *Section 7*

Subsection (a) identifies the sources of the Fund as the Okinawa reversion money and the GARIOA account together with gifts and donations as well as interest on and proceeds from the sale of obligations acquired by the Fund.

Subsection (b) prescribes the conditions under which the Secretary of the Treasury shall invest that portion of the Fund not necessary to meet current withdrawals.

Subsection (c) authorizes the Secretary of the Treasury to sell any obligation acquired by the Fund under subsection (b) above.

Subsection (d) credits to the Fund any interest on, and proceeds from the sale of, any obligations of the Fund.

Subsection (e) authorizes payment from the Fund including administrative expenses except that interest and donations in the Fund are subject to the appropriation process. Subsections (d) and (e) (1) of section 3 authorize appropriations for the capital of the Fund. Thus all components in the Fund are subject to appropriations.

#### CONCLUSIONS

The Committee on International Relations considers the relations between Japan and the United States in all fields to be of the highest importance. It believes that the program authorized by this act will provide a firmer underpinning to the many bonds that already link the two nations. These programs should do much to make known to more Americans the essence of Japanese society and culture and to promote a greater interest in the Japanese language, perhaps the least known to Americans of the world's greatest languages. It is particularly timely

that Congress may act on this measure on the occasion of the first state visit to the United States by the Emperor of Japan.

STATEMENTS REQUIRED BY RULE XI (1) (3) OF THE HOUSE RULES

(A) *Oversight findings and recommendations*

The Commission created by this act is required to submit an annual report to the President and to the Congress.

(B) *Congressional Budget Act section 308(a) requirement*

The act authorizes appropriations from the newly created Trust Fund. The total capital of the Fund will comprise no more than \$16 million in dollars and \$12 million in yen—a total of \$28 million. Not more than 5 percent of the total, i.e. \$1.4 million may be used in any one year. The additional budget authority in dollars will be about \$1 million a year.

(C) *Congressional Budget Office estimate and comparison*

No estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974 has been received by the committee.

(D) *Committee on Government Operations summary*

No oversight findings and recommendations have been received which relate to this measure from the Committee on Government Operations under clause 2(b) (2) of rule X.

INFLATIONARY IMPACT STATEMENT

As indicated above, annual expenditures in dollars and yen from the Fund cannot exceed \$1.4 million. The annual dollar expenditures may be about \$1 million, a sum that will have no identifiable inflationary impact.

COST ESTIMATE REQUIRED BY CLAUSE 7, RULE XIII

Pursuant to clause 7 of rule XIII of the House Rules, the committee has examined the capital components of the Trust Fund provided for in this act and the limitation placed upon the annual withdrawals that may be made from it. Accordingly it projects a cost level of \$1.4 million over each of the next 5 years.

## JAPAN-UNITED STATES FRIENDSHIP ACT

JUNE 10 (legislative day, JUNE 6) 1975.—Ordered to be printed

Mr. SPARKMAN, from the Committee on Foreign Relations,  
submitted the following

### REPORT

[To accompany S. 824]

The Committee on Foreign Relations, to which was referred the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

#### PURPOSE OF THE BILL

The basic purpose of the bill is to create a "Japan-United States Friendship Trust Fund," employing: (a) ten-percent (i.e., \$32 million) of the proceeds from the Okinawa Reversion Agreement approved by the Senate in November 1971 by a vote of 84 to 6; and (b) those funds (approximately \$14 million) available in U.S. accounts in Japan under the G.A.R.I.O.A. (Government and Relief in Occupied Areas) settlement of 1962. Interest and possibly up to 5 percent of the principal annually from the proposed Fund would be used to support a variety of mutual educational and cultural studies, facilities, exchanges, and other activities between Japan and the United States.

#### BACKGROUND

S. 824, as amended, is similar to S. 649, a bill introduced in the 93d Congress and passed by the Senate, by a voice vote, on June 7, 1974. The following excerpt is from the background section of the Committee report (S. Rept. 93-885) on that bill:

The initiative for this proposed legislation came from Senator Jacob K. Javits preceding the Nixon-Tanaka meeting in 1972, which particularly agreed on the need for better

understanding between the United States and Japan. Expanded academic and cultural programs and contacts were seen as essential elements in that understanding—especially in view of the comparatively tiny Japanese language and area studies in the United States. The main sponsor of this legislation believed that the requirement for a better relationship between the two countries had never been greater, and that employment of some of the Okinawa Reversion funds (and the remainder of the G.A.R.I.O.A. Funds) would symbolize both a new attitude by the United States and a new stress on the independent status of Japan. The Okinawa Reversion funds were scheduled in the Agreement to be paid to the U.S. Treasury over a 5-year period. [As scheduled, \$210 million has been received as of May 1975.]

To administer the programs noted above, the bill would establish a "Japan-United States Friendship Commission," composed of 10 distinguished U.S. citizens, comprising the Secretary of State, the Secretary of Health, Education, and Welfare, six public members appointed by the President, and the chairmen of the National Endowments for the Arts and the Humanities; the last two named persons would have no vote. The six public members would be freely chosen by the President from among individuals who are either specially conversant with Japan-United States relations, expert in the fields of education, the arts, or the humanities, or representatives of the general public. The bill would also provide necessary staff services and the usual management requirements for controlling such a Fund.

#### COMMEMORATION OF OKINAWA REVERSION TREATY

The primary thrust of this bill is to commemorate institutionally the special significance of the Okinawa Reversion Agreement. This agreement, which effected the return of the Island of Okinawa to Japan, provides that Japan pay \$320 million to the United States over a period of 5 years as repayment of the cost to the United States for public utilities and other facilities on the island. Clearly, this Agreement is a landmark of international cooperation and mutual respect. In style and substance, the relationship between the United States and Japan must be maintained in the highest interest of peace and stability in the Pacific. The adoption of S. 824 would be a significant step in support that objective.

#### CONGRESSIONAL ACTION

S. 824 was introduced on February 25, 1975, by Senator Javits for himself and 32 co-sponsors and was referred to the Committee on Foreign Relations. This bill, as introduced, is identical to S. 649 which was introduced in the 93d Congress and upon which public hearings were held on May 1 and 2, 1974. At the hearings on May 1, 1974, testimony favoring the bill was presented by the following witnesses: Professor Robert Ward of Stanford University, Mr. Henry Owen of the

Brookings Institution, and Professor John Hall of Yale University. The Administration's position (see testimony of witnesses) was presented on May 2, 1974, by John Richardson, Jr., Assistant Secretary of State for Educational and Cultural Affairs, who was accompanied by former U.S. Ambassador to Japan, Robert S. Ingersoll, now Deputy Secretary of State. That testimony was followed by a strong statement of support for S. 649 by Congressman Wendell Wyatt of Oregon, and by equally favorable testimony from Professor Edwin O. Reischauer of Harvard University, also a distinguished former U.S. Ambassador to Japan.

On May 20, 1975, the Committee met in executive session and decided by voice vote, to order S. 824 reported favorably with an amendment.

#### AMENDMENTS

The Committee amendments authorize for the purposes of the Japan-United States Friendship Act the use of those remaining funds available in the United States accounts in Japan under G.A.R.I.O.A. (Government and Relief in Occupied Areas) settlement of 1962. Originally these funds amounted to \$25 million and were reserved for expenditure in Japan for educational and cultural exchanges, subject to appropriation by the Congress. Something roughly in the neighborhood of \$15 million in unencumbered funds remain in the G.A.R.I.O.A. account. The Committee amendment would place these funds into the "Japan-United States Friendship Trust Fund."

The Committee in making this amendment does not intend to interfere with the Administration's existing authority to use portions of the G.A.R.I.O.A. Funds to finance the U.S. share of the International Ocean Exposition to be held in Okinawa in 1975 and 1976. It is the Committee's understanding that approximately \$1 million will be necessary to pay for the remainder of the U.S. share of this Exposition.

#### TESTIMONY OF WITNESSES

As pointed out above, on May 1 and 2, 1974, the committee heard testimony on a bill similar to S. 824 (S. 649) from several distinguished Americans—Professor Edward O. Reischauer, Harvard University and former U.S. Ambassador to Japan; Professor Robert E. Ward, Director, Center for Research in International Studies, Brookings Institution; Professor John W. Hall, chairman, Department of East Asian Languages and Literatures, Yale University; Congressman Wendell Wyatt, and State Department witnesses. Written statements were submitted by Senators Tunney and Fong, Mr. Ward Morehouse, director, Center for International Programs and Comparative Studies, University of the State of New York; and others. All of these witnesses expressed their strong and enthusiastic support for the provisions of this legislation. Speaking for the Department of State, Assistant Secretary of State for Educational and Cultural Affairs John Richardson, Jr., stated " \* \* \* we, therefore, heartily endorse the intent of S. 649. \* \* \* "

Of particular interest to the committee was the testimony of Ambassador Reischauer, perhaps the most prominent American scholar

of Japan. Referring to present state of Japan-United States relations, he stated:

We have got to work hard to make up for this slide in confidence, in closeness of relationships that I think has gone on for the last few years, and it is for this reason that I see this (S. 649) as being vastly more important today \* \* \*

Professor Hall, Chairman of the United States-Japan Cultural, Educational Conference and who has been very much involved in that conference's work in connection with existing cultural and educational exchange programs with Japan, similarly stressed his support:

I would like to emphasize the fact that a critical gap in public communication and understanding continues to exist between the United States and Japan, the gap existing despite the increasing economic, political and cultural importance of Japan to the United States, and despite the fact that our diplomats and our businessmen have gained each others' confidence and have learned to adjust their difference on a practical basis. \* \* \* The Japan-United States Friendship Act will go a long way toward enhancing the effort.

The committee also carefully examined the mechanism established by this Act to implement the cultural, educational and artistic exchanges and programs contemplated.

In commenting on the self-sustaining nature of the Japan-United States Trust Fund established in the bill, Professor Ward stated:

\* \* \* I would prefer a permanent one (source of funds) of the sort that is contemplated in your bill, that \* \* \* would be a revolving fund \* \* \* and that this be permanently available.

Both Mr. Owen and Professor Reischauer drew the committee's attention to the independent nature of the Japan-United States Friendship Commission set up by the legislation.

Mr. OWEN. First, having an independent American committee disbursing money for these kinds of activities seems to me extremely useful, particularly when studies which involve questions of U.S. policy toward Japan are involved. There is naturally a feeling that the Japan Foundation<sup>1</sup> will simply not have the credibility of a similar study U.S. financed with U.S. funds. So I think having the American committee is extremely important.

Professor REISCHAUER. What the State Department does through its cultural affairs side, I think is very, very good, but like most of the programs of that sort it is basically focused on getting the other people to understand us. This one (S. 649) has that other focus of helping us try to understand them, which under present conditions is perhaps the bigger of the two problems.

The committee listened with interest to the recommendations of Congressman Wyatt and other witnesses that the G.A.R.I.O.A. funds

<sup>1</sup> The Japanese Government has established the Japan Foundation to expand cultural and educational exchanges with the United States and Southeast Asia; this foundation is scheduled to have an endowment of \$100 million and may be expanded to \$320 million.

might be combined in an appropriate manner with the source of funds authorized to be appropriated in S. 649 and has adopted their suggestions in the amended version of S. 824.

#### EXPLANATION OF PROVISIONS FOR TRUST FUND AND COMMISSION

The \$46 million (which is 10 percent of the \$320 million paid to the United States by Japan pursuant to the Okinawa Reversion Agreement and approximately \$14 million remaining in the G.A.R.I.O.A. Funds), authorized to be appropriated by the Japan-United States Friendship Act will create a Japan-United States Trust Fund that would draw interest at the average rate of Federal obligations for the preceding 2 years.

The following excerpt from the Committee report on S. 649 (S. Rept. 93-885) sets forth the purposes and explains the provisions of the Trust Fund and Commission:

The interest of the trust fund, gifts and donations, and up to five percent of the principal would be available for expenditure annually for the following purposes:

First, support of studies, including language studies, in institutions of higher learning or scholarly research in Japan and the United States, designed to foster mutual understanding between Japan and the United States;

Second, support for major collections of Japanese books and libraries at American colleges and universities located throughout the United States;

Third, support for programs in the arts in association with institutions of higher education in Japan and the United States;

Fourth, support for fellowships and scholarships at the undergraduate, graduate, and faculty levels in Japan and the United States in accord with the purposes of this act.

To administer these programs the bill establishes a Japan-United States Friendship Commission, composed of the Secretary of State, the Secretary of Health, Education and Welfare, and six public members, appointed by the President and to serve terms of 3 years on a rotating, staggered basis. The six public members would be selected from persons who are:

First, conversant with Japan-United States relations, or

Second, generally recognized experts in the field of education, the arts and the humanities, or

Third, representative of the general public.

The chairman of the National Endowment for the Arts and the National Endowment for the Humanities would serve as ex-officio, nonvoting members.

To administer the programs enumerated above, the Japan-United States Friendship Commission is empowered to expend annually, at its own discretion, the trust fund's annual and accumulated interest and up to 5 percent of the principal.

#### COST ESTIMATE

It is anticipated that an appropriation of \$46 million would be approved on a lump-sum, no-year basis. In each of the next five years



expenditures could not exceed the interest payments on that sum as well as (and reduced by) up to five percent of the principal of the \$46 million.

COMMITTEE COMMENTS

The Committee on Foreign Relations considers that relationship between Japan and the United States in all fields to be of signal importance and delicacy. It believes that S. 824, as amended, will support and strengthen that relationship, and it subscribes to the following excerpts from Senator Javits' statement in introducing similar legislation in the 93rd Congress:

\* \* \* just 28 years ago U.S. relations with Japan were in a state of total war and were characterized by distrust and enmity. Today, Japan is a close ally, our second biggest trading partner, and a thriving democracy. Through intelligent diplomacy, mutual self-interest, and reciprocal respect, the relationship of 28 years ago has been transformed into a cooperative and mutually beneficial friendship that is unprecedented in East-West relations. Perhaps, the most significant symbol of this new United States-Japan relationship is the Okinawa Reversion Agreement \* \* \*

In reporting S. 824, as amended, the Committee reiterates its comments contained in last year's report on S. 649:

"This legislation is most timely. The "Japanese Miracle" is one of the major developments of the last half of the 20th century. But relatively little is known and understood in detail about the remarkable Japanese society that has achieved such progress. The Japanese language is probably the least known in the United States of any of the world's greatest languages. Japanese art and literature are treasures which remain to be more fully explored by American scholars and by the American public. It is essential to our national interest that we achieve a deeper understanding of Japanese society and culture. This act could make a major difference in this regard. It enjoys broad and enthusiastic support in academic and scholarly circles."

## JAPAN-UNITED STATES FRIENDSHIP ACT

OCTOBER 2, 1975.—Ordered to be printed

Mr. HAYS of Ohio, from the committee of conference,  
submitted the following

### CONFERENCE REPORT

[To accompany S. 824]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, 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 disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

*That this Act may be cited as the "Japan-United States Friendship Act".*

#### STATEMENT OF FINDINGS AND PURPOSE

*SEC. 2. (a) The Congress hereby finds that—*

*(1) the post-World War II evolution of the relationship between Japan and the United States to peacetime friendship and partnership is one of the most significant developments of the post-war period;*

*(2) the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo on June 17, 1971, is a major achievement and symbol of the new relationship between the United States and Japan; and*

*(3) the continuation of close United States-Japan friendship and cooperation will make a vital contribution to the prospects for peace, prosperity, and security in Asia and the world.*

*(b) It is therefore the purpose of this Act to provide for the use of an amount equal to a part of the total sum payable by Japan to the United States in connection with the reversion of Okinawa to Japanese administration and the remaining funds of the amount set aside in 1962 for educational and cultural exchange with Japan (known as the*

G.A.R.I.O.A. Account) to aid education and culture at the highest level in order to enhance reciprocal people-to-people understanding and to support the close friendship and mutuality of interests between the United States and Japan.

#### ESTABLISHMENT OF THE FUND; EXPENDITURES

SEC. 3. (a) There is established in the Treasury of the United States a trust fund to be known as the Japan-United States Friendship Trust Fund (hereafter referred to as the "Fund").

(b) Amounts in the Fund shall be used for the promotion of scholarly, cultural, and artistic activities between Japan and the United States, including—

(1) support for studies, including language studies, in institutions of higher education or scholarly research in Japan and the United States, designed to foster mutual understanding between Japan and the United States;

(2) support for major collections of Japanese books and publications in appropriate libraries located throughout the United States and similar support for collections of American books and publications in appropriate libraries located throughout Japan;

(3) support for programs in the arts in association with appropriate institutions in Japan and the United States;

(4) support for fellowships and scholarships at the graduate and faculty levels in Japan and the United States in accord with the purposes of this Act;

(5) support for visiting professor and lecturers at colleges and universities in Japan and the United States; and

(6) support for other Japan-United States cultural and educational activities consistent with the purposes of this Act.

(c) Amounts in the Fund may also be used to pay administrative expenses of the Japan-United States Friendship Commission, established by section 4 of this Act, as directed by that Commission.

(d) There is authorized to be appropriated to the Fund, for fiscal year 1976, an amount equal to 7.5 per centum of the total funds payable to the United States pursuant to the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo, June 17, 1971.

(e) (1) There is authorized to be appropriated to the Fund, for fiscal year 1976, in addition to the amount authorized to be appropriated by subsection (d) of this section, those funds available in United States accounts in Japan and transferred by the Government of Japan to the United States pursuant to the United States request made under article V of the agreement between the United States of America and Japan regarding the settlement of Postwar Economic Assistance to Japan, signed in Tokyo, January 9, 1962, and the exchange of notes of the same date (13 U.S.T. 1957; T.I.A.S. 5154) (the G.A.R.I.O.A. Account), including interest accruing to the G.A.R.I.O.A. Account.

(2) The amount authorized to be appropriated by paragraph (1) of this subsection not include any amount required by law to be applied to United States participation in the International Ocean Exposition to be held in Okinawa, Japan.

(3) Any unappropriated portion of the amount authorized to be appropriated by subsection (d) of this section and paragraph (1) of this subsection for fiscal year 1976 may be appropriated in any subsequent fiscal year.

#### THE JAPAN-UNITED STATES FRIENDSHIP COMMISSION

SEC. 4. (a) There is established a commission to be known as the Japan-United States Friendship Commission (hereinafter referred to as the "Commission"). The Commission shall be composed of—

(1) the members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation;

(2) two Members of the House of Representatives, to be appointed at the beginning of each Congress or upon the occurrence of a vacancy during a Congress by the Speaker of the House of Representatives;

(3) two Members of the Senate, to be appointed at the beginning of each Congress or upon the occurrence of a vacancy during a Congress by the President pro tempore of the Senate;

(4) the Chairman of the National Endowment for the Arts; and

(5) the Chairman of the National Endowment for the Humanities.

(b) Members of the Commission who are not full-time officers or employees of the United States and who are not Members of Congress shall, while serving on business of the Commission, be entitled to receive compensation at rates fixed by the President, but not exceeding the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business, all members of the Commission may be allowed travel expenses including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(c) The Chairman of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall be the Chairman of the Commission. A majority of the members of the Commission shall constitute a quorum. The Commission shall meet at least twice in each year.

#### FUNCTIONS OF THE COMMISSION

SEC. 5. (a) The Commission is authorized to—

(1) develop and carry out programs at public or private institutions for the promotion of scholarly, cultural, and artistic activities in Japan and the United States consistent with the provisions of section 3(b) of this Act; and

(2) make grants to carry out such programs.

(b) The Commission shall submit to the President and to the Congress an annual report of its activities under this Act together with such recommendations as the Commission determines appropriate.

## ADMINISTRATIVE PROVISIONS

SEC. 6. In order to carry out its functions under this Act, the Commission is authorized to—

(1) prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(2) receive money and property donated, bequeathed, or devised, without condition or restriction other than that it be used for the purposes of this Act; and to use, sell, or otherwise dispose of such property (including transfer to the Fund) for the purpose of carrying out the purposes of this Act, and any such donation shall be exempt from any Federal income, State, or gift tax;

(3) in the discretion of the Commission, receive (and use, sell, or otherwise dispose of, in accordance with paragraph (2)) money and other property donated, bequeathed, or devised to the Commission with a condition or restriction, including a condition that the Commission use other funds of the Commission for the purposes of the gift, and any such donation shall be exempt from any Federal income, State, or gift tax;

(4) direct the Secretary of the Treasury to make expenditure of the income of the Fund and not to exceed 5 per centum annually of the principal of the Fund to carry out the purposes of this Act, including the payment of Commission expenses if needed, except that any amounts expended from amounts appropriated to the Fund under section 3(e)(1) of this Act shall be expended in Japan;

(5) appoint an Executive Director, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, who shall be compensated at the rate provided for a GS-18 of the General Schedule of such title;

(6) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code;

(7) accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(8) enter into contracts, grants, or other arrangements, or modifications thereof;

(9) make advances, progress, and other payments which the Commission deems necessary under this Act; and

(10) obtain from the Secretary of State, on a reimbursable basis, such administrative support services and personnel as the Commission deems necessary and appropriate to its needs.

## MANAGEMENT OF THE FUND

SEC. 7. (a) The Fund shall consist of—

(1) amounts appropriated under sections 3(d) and (e)(1) of this Act;

(2) any other amounts received by the Fund by way of gifts and donations; and

(3) interest and proceeds credited to it under subsection (b) of this section.

(b) It shall be the duty of the Secretary of the Treasury (hereafter referred to as the "Secretary") to invest such portion of the Fund as is not, in the judgment of the Commission, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purposes, the obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States issued during the preceding two years then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Secretary determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(c) Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(e) In accordance with section 6(4) of this Act, the Secretary shall pay out of the Fund such amounts, including expenses of the Commission, as the Commission considers necessary to carry out the provisions of this Act; except that amounts in the Fund, other than amounts which have been appropriated and amounts received by the Commission pursuant to sections 6(2) and 6(3), shall be subject to the appropriation process.

And the House agree to the same.

THOMAS E. MORGAN,  
CLEMENT J. ZABLOCKI,  
WAYNE L. HAYS,  
CHARLES C. DIGGS, JR.,  
WM. BROOMFIELD,  
JOHN BUCHANAN,

Managers on the Part of the House.

JOHN SPARKMAN,  
MIKE MANSFIELD,  
FRANK CHURCH,  
CLIFFORD P. CASE,  
J. JAVITS,

Managers on the Part of the Senate.

**JOINT EXPLANATORY STATEMENT OF THE  
COMMITTEE OF CONFERENCE**

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

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

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

**SECTION 2—STATEMENT OF FINDINGS AND PURPOSE**

The House amendment included references to the special fund for educational and cultural exchange (known as the G.A.R.I.O.A. Account). This special fund is evidence of the importance the United States places on strengthening inter-cultural communication between Japan and the United States.

The Senate bill did not contain comparable provisions.

The conference substitute contains a revised reference to the special fund.

**SECTION 3—ESTABLISHMENT OF THE FUND; EXPENDITURES**

*Section 3(b) (2)*

The Senate bill authorized support for major collections of Japanese books and libraries at United States colleges and universities located throughout the United States.

The House amendment provided support for major collections of Japanese books and publications in appropriate libraries located throughout the United States and similar support for collections of American books and publications in appropriate libraries located throughout Japan.

The conference substitute adopted the House language.

*Section 3(b) (3)*

The Senate bill authorized support for programs in the arts in association with institutions of higher education in Japan and the United States.

The House amendment authorized such support in association with appropriate institutions in both countries.

The conference substitute adopted the House language.

*Section 3(b)(4)*

The Senate bill authorized support for fellowships and scholarships at the undergraduate, graduate, and faculty levels in Japan and the United States.

The House amendment limited such fellowships and scholarships to the graduate and faculty level in Japan and the United States.

The conference substitute adopted the House language.

*Section 3(b)(6)*

The Senate bill authorized support for other Japan-United States exchanges consistent with the purposes of this act.

The House amendment authorized support for cultural and educational activities consistent with the purposes of this act.

The conference substitute adopted the House language.

*Section 3(d)*

The Senate bill authorized an appropriation to the Fund of 10 percent of the funds paid to the United States pursuant to the agreement between Japan and the United States for the reversion of Okinawa to Japan.

The House amendment authorized an appropriation of 5 percent of such funds.

The conferees agreed to 7.5 percent of the total funds payable to the United States pursuant to the Okinawa reversion agreement.

SECTION 4—THE JAPAN-UNITED STATES FRIENDSHIP COMMISSION

The Senate bill established a Japan-United States Friendship Commission composed of the Secretary of State; the Secretary of Health, Education, and Welfare; 6 members appointed by the President who are (a) conversant with Japan-United States relations; (b) expert in the field of education, the arts, or the humanities; or (c) representative of the general public; and the Chairmen of the National Endowment for the Arts and for the Humanities.

The House amendment provided for a Commission consisting of the members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation; members of Congress; and the Chairmen of the National Endowment for the Arts and for the Humanities.

The conference substitute incorporated a modified version of the House amendment.

*Section 4*

The Senate bill (section 4(b)) provided for a 3-year term for each of the commissioners appointed by the President.

The House amendment did not contain a comparable provision.

The conference substitute does not contain the Senate provision. It is the understanding of the conferees that the composition of the

United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall continue to reflect the diverse composition of the present membership of the Panel as set forth in the November 8, 1968 exchange of notes between the United States and Japan.

The members of the United States Panel will continue to be appointed by the Secretary of State in accordance with the provisions for such appointments set forth in the exchange of notes referred to above.

*Section 4(c)*

The Senate bill provided that the President shall appoint the Chairman of the Commission.

The House amendment provided that the Chairman of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall be the Chairman of the Commission.

The conference substitute adopted the House language.

SECTION 6—ADMINISTRATIVE PROVISIONS

*Section 6(4)*

The conferees agreed that the reference to 5 percent annually refers to the total capital authorized to be appropriated to the Fund by this act.

*Section 6(5)*

The Senate bill contained a provision for the appointment of an Executive Director and additional personnel to carry out the provisions of this act.

The House amendment authorized the Commission to obtain administrative support services and personnel from the Secretary of State on a reimbursable basis.

The conference substitute retains the position of Executive Director and authorizes the Commission to obtain from the Secretary of State on a reimbursable basis such services and personnel as the Commission deems necessary and appropriate to its needs. In the event that the Commission is unable to have its appropriate administrative needs met on a reimbursable basis from the Secretary of State, the Commission would then be in a position to seek alternative arrangements.

SECTION 7—MANAGEMENT OF THE FUND

*Section 7(e)*

The Senate bill authorized the Secretary of the Treasury to pay out of the Trust Fund established by this act such amounts, including expenses of the Commission, as the Commission considers necessary to carry out the provisions of this act.

The House amendment provided that amounts in the Fund that have not been appropriated shall be subject to the appropriation process.

The conference substitute incorporates the House language with a clarifying amendment.

THOMAS E. MORGAN,  
CLEMENT J. ZABLOCKI,  
WAYNE L. HAYS,  
CHARLES C. DIGGS, JR.,  
WM. BROOMFIELD,  
JOHN BUCHANAN,

*Managers on the Part of the House.*

JOHN SPARKMAN,  
MIKE MANSFIELD,  
FRANK CHURCH,  
CLIFFORD P. CASE,  
J. JAVITS,

*Managers on the Part of the Senate.*

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# Ninety-fourth Congress of the United States of America

## AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,  
one thousand nine hundred and seventy-five*

### An Act

To provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Japan-United States Friendship Act".*

#### STATEMENT OF FINDINGS AND PURPOSE

SEC. 2. (a) The Congress hereby finds that—

(1) the post-World War II evolution of the relationship between Japan and the United States to peacetime friendship and partnership is one of the most significant developments of the postwar period;

(2) the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo on June 17, 1971, is a major achievement and symbol of the new relationship between the United States and Japan; and

(3) the continuation of close United States-Japan friendship and cooperation will make a vital contribution to the prospects for peace, prosperity, and security in Asia and the world.

(b) It is therefore the purpose of this Act to provide for the use of an amount equal to a part of the total sum payable by Japan to the United States in connection with the reversion of Okinawa to Japanese administration and the remaining funds of the amount set aside in 1962 for educational and cultural exchange with Japan (known as the G.A.R.I.O.A. Account) to aid education and culture at the highest level in order to enhance reciprocal people-to-people understanding and to support the close friendship and mutuality of interests between the United States and Japan.

#### ESTABLISHMENT OF THE FUND; EXPENDITURES

SEC. 3. (a) There is established in the Treasury of the United States a trust fund to be known as the Japan-United States Friendship Trust Fund (hereafter referred to as the "Fund").

(b) Amounts in the Fund shall be used for the promotion of scholarly, cultural, and artistic activities between Japan and the United States, including—

(1) support for studies, including language studies, in institutions of higher education or scholarly research in Japan and the United States, designed to foster mutual understanding between Japan and the United States;

(2) support for major collections of Japanese books and publications in appropriate libraries located throughout the United States and similar support for collections of American books and publications in appropriate libraries located throughout Japan;

(3) support for programs in the arts in association with appropriate institutions in Japan and the United States;



(4) support for fellowships and scholarships at the graduate and faculty levels in Japan and the United States in accord with the purposes of this Act;

(5) support for visiting professors and lecturers at colleges and universities in Japan and the United States; and

(6) support for other Japan-United States cultural and educational activities consistent with the purposes of this Act.

(c) Amounts in the Fund may also be used to pay administrative expenses of the Japan-United States Friendship Commission, established by section 4 of this Act, as directed by that Commission.

(d) There is authorized to be appropriated to the Fund, for fiscal year 1976, an amount equal to 7.5 per centum of the total funds payable to the United States pursuant to the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands, signed at Washington and Tokyo, June 17, 1971.

(e) (1) There is authorized to be appropriated to the Fund, for fiscal year 1976, in addition to the amount authorized to be appropriated by subsection (d) of this section, those funds available in United States accounts in Japan and transferred by the Government of Japan to the United States pursuant to the United States request made under article V of the agreement between the United States of America and Japan regarding the settlement of Postwar Economic Assistance to Japan, signed in Tokyo, January 9, 1962, and the exchange of notes of the same date (13 U.S.T. 1957; T.I.A.S. 5154) (the G.A.R.I.O.A. Account), including interest accruing to the G.A.R.I.O.A. Account.

(2) The amount authorized to be appropriated by paragraph (1) of this subsection shall not include any amount required by law to be applied to United States participation in the International Ocean Exposition to be held in Okinawa, Japan.

(3) Any unappropriated portion of the amount authorized to be appropriated by subsection (d) of this section and paragraph (1) of this subsection for fiscal year 1976 may be appropriated in any subsequent fiscal year.

THE JAPAN-UNITED STATES FRIENDSHIP COMMISSION

SEC. 4. (a) There is established a commission to be known as the Japan-United States Friendship Commission (hereafter referred to as the "Commission"). The Commission shall be composed of—

(1) the members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation;

(2) two Members of the House of Representatives, to be appointed at the beginning of each Congress or upon the occurrence of a vacancy during a Congress by the Speaker of the House of Representatives;

(3) two Members of the Senate, to be appointed at the beginning of each Congress or upon the occurrence of a vacancy during a Congress by the President pro tempore of the Senate;

(4) the Chairman of the National Endowment for the Arts; and

(5) the Chairman of the National Endowment for the Humanities.

(b) Members of the Commission who are not full-time officers or employees of the United States and who are not Members of Congress shall, while serving on business of the Commission, be entitled to receive compensation at rates fixed by the President, but not exceeding the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business, all members of the Commission may be allowed travel expenses including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(c) The Chairman of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation shall be the Chairman of the Commission. A majority of the members of the Commission shall constitute a quorum. The Commission shall meet at least twice in each year.

#### FUNCTIONS OF THE COMMISSION

SEC. 5. (a) The Commission is authorized to—

(1) develop and carry out programs at public or private institutions for the promotion of scholarly, cultural, and artistic activities in Japan and the United States consistent with the provisions of section 3(b) of this Act; and

(2) make grants to carry out such programs.

(b) The Commission shall submit to the President and to the Congress an annual report of its activities under this Act together with such recommendations as the Commission determines appropriate.

#### ADMINISTRATIVE PROVISIONS

SEC. 6. In order to carry out its functions under this Act, the Commission is authorized to—

(1) prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(2) receive money and property donated, bequeathed, or devised, without condition or restriction other than that it be used for the purposes of this Act; and to use, sell, or otherwise dispose of such property (including transfer to the Fund) for the purpose of carrying out the purposes of this Act, and any such donation shall be exempt from any Federal income, State, or gift tax;

(3) in the discretion of the Commission, receive (and use, sell, or otherwise dispose of, in accordance with paragraph (2)) money and other property donated, bequeathed, or devised to the Commission with a condition or restriction, including a condition that the Commission use other funds of the Commission for the purposes of the gift, and any such donation shall be exempt from any Federal income, State, or gift tax;

(4) direct the Secretary of the Treasury to make expenditure of the income of the Fund and not to exceed 5 per centum annually of the principal of the Fund to carry out the purposes of this Act, including the payment of Commission expenses if needed, except that any amounts expended from amounts appropriated to the Fund under section 3(e)(1) of this Act shall be expended in Japan;

(5) appoint an Executive Director, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, who shall be compensated at the rate provided for a GS-18 of the General Schedule of such title;

(6) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code;

(7) accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(8) enter into contracts, grants, or other arrangements, or modifications thereof;

(9) make advances, progress, and other payments which the Commission deems necessary under this Act; and

(10) obtain from the Secretary of State, on a reimbursable basis, such administrative support services and personnel as the Commission deems necessary and appropriate to its needs.

MANAGEMENT OF THE FUND

Sec. 7. (a) The Fund shall consist of—

(1) amounts appropriated under sections 3 (d) and (e) (1) of this Act;

(2) any other amounts received by the Fund by way of gifts and donations; and

(3) interest and proceeds credited to it under subsection (b) of this section.

(b) It shall be the duty of the Secretary of the Treasury (hereafter referred to as the "Secretary") to invest such portion of the Fund as is not, in the judgment of the Commission, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purposes, the obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States issued during the preceding two years then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Secretary determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(c) Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(e) In accordance with section 6(4) of this Act, the Secretary shall pay out of the Fund such amounts, including expenses of the Commission, as the Commission considers necessary to carry out the provisions of this Act; except that amounts in the Fund, other than amounts which have been appropriated and amounts received by the Commission pursuant to sections 6(2) and 6(3), shall be subject to the appropriation process.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*

Office of the White House Press Secretary

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THE WHITE HOUSE

## STATEMENT BY THE PRESIDENT

Almost a year ago, I had the great honor and pleasure to be the first American President in office to visit Japan. My trip convinced me more than ever that we Americans can learn much from Japan's culture which will enrich the quality of our lives.

One week ago the Emperor and Empress of Japan completed a visit to the United States, the first such visit in history.

This exchange of State visits not only symbolizes the importance of our relations but also the value of the exchange of people and ideas between the two countries.

Several years ago, the Government of Japan established a Foundation to expand understanding of Japan among universities and other institutions in the United States and elsewhere in the world. Through the Foundation, the Government of Japan made a generous gift to ten American universities to strengthen the study of Japanese history and culture. And this year, the Government of Japan announced the gift of an Experimental Theater to the Kennedy Center for the Performing Arts, as a Bicentennial present to the people of the United States.

Now it is our turn. The people of America genuinely desire to build closer relations with the people of Japan. This requires that we understand each other's arts, society and history more widely and more deeply.

It was my pleasure to sign into law an Act which will effectively further this important goal. Through the distinguished leadership of Senator Jacob Javits and Congressman Wayne Hays and many others in both Houses, the Japan-United States Friendship Act is now the law of the land.

The Act provides for the creation of a Japan-United States Friendship Commission to administer a program of expanded scholarly, cultural, and artistic ventures between our two countries. The Commission will be composed of the 12 members of the United States Panel of the Joint Committee on United States-Japan Cultural and Educational Cooperation; the Chairman of the National Endowment for the Arts; the Chairman of the National Endowment for the Humanities; two members of the House of Representatives to be appointed by the Speaker; and two members of the Senate to be appointed by the President pro tempore.

more

(OVER)

Because of the Constitutional provision against Members of the Congress serving in any other office of the United States, the Congressional Members of the Commission will serve in an advisory capacity, as non-voting members.

I am confident that the support made available under the Act for expanded cultural relations will contribute importantly to the strengthening of understanding between the people of the United States and the people of Japan.

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October 8, 1975

Dear Mr. Director:

The following bills were received at the White House on October 8th:

S. 824  
S. 1327 ✓  
S. 1549 ✓  
H.R. 5952 ✓

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder  
Chief Executive Clerk

The Honorable James T. Lynn  
Director  
Office of Management and Budget  
Washington, D. C.