

SENATE APPROVES FOREIGN AID BILL WITH BIG CUT, 61-23

Authorizes \$1.14-Billion for
Economic Help and Moves
to Military Measure

NOV 11 1971
NYTimes
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Special to The New York Times

WASHINGTON, Nov. 10

The Senate tonight passed a stripped-down foreign aid bill that would authorize \$1.14-billion in economic and humanitarian assistance. The vote was 61 to 23.

Thirty-two Republicans and 29 Democrats voted for the bill, which now goes to the House of Representatives, while 15 Democrats and 8 Republicans voted against it.

Working in the face of the scheduled end Monday of spending authority on both foreign economic and military aid, the Senate is now due to turn tomorrow to consideration of a companion measure that would authorize \$1.185-billion in military assistance in the current fiscal year, which ends June 30.

This two-part aid package, totaling \$2.3-billion, is \$1.2-billion less than the Administration had requested, and it would replace the single foreign aid authorization bill that the Senate voted down, 41 to 27, on Oct. 29.

Interest Is Doubled

Before the passage of the economic aid bill, the Senate today voted 45 to 12, to more than double the prevailing interest rates on long-term loans to poor countries. It did so despite warnings that the action would freeze \$250-million in development loan funds that the economic aid bill would authorize.

The provision it adopted would wipe out the present 10-year "grace period" in which borrowing countries pay 2 per cent interest and abolish as well the 3 per cent rate charged thereafter. Instead, the provision would call for an over-all rate at least as high as the cost of the money to the United States Treasury, or about 6½ per cent.

A majority of Senators then turned back an effort to add \$125-million to the bill and earmark the amount for helping less developed countries carry on voluntary population-control programs. The effect of the vote, which was 50 to 33, was to require that such programs be financed out of other economic aid funds in the bill.

As the Senate rushed work

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on the bill today, Senator Mike Mansfield of Montana, the Democratic leader, announced that he would not oppose the enactment of a continuing resolution for the limited purpose of permitting the Agency for International Development, the agency that administers aid, to meet its payroll after the deadline next Monday.

Since the beginning of the current fiscal year on July 1, foreign aid programs have relied for spending authority on a continuing resolution that expires Monday.

Since the Senate's rejection of the authorizing legislation two weeks ago, the State Department has been pressing for an extension of the resolution. It has said that unless Congress approves the extension, A.I.D. will be out of business next Monday and more than 4,000 of its employes here and abroad will have to be dismissed.

At the same time, Senator Mansfield has been telling the Senate that there were ample funds in the agency's "pipeline" of unexpended appropriations to pay all salaries and operating expenses indefinitely.

A State Department spokesman, Charles W. Bray III, announced today that the General Accounting Office had ruled that the agency would be unable to use any unexpended balances of prior appropriations for salaries or related expenditures.

"The result of this ruling makes it clear that in the absence of a continuing resolution, A.I.D.'s administrative apparatus, its entire Washington headquarters and the administrative oversight of programs abroad will disappear and A.I.D. will be effectively out of business as of Monday," Mr. Bray said.

Senator Mansfield drew a different conclusion from the same ruling, informing the Senate that while some funds would be available for the purpose, they might be insufficient. He said he would be agreeable to a continuing resolution for the limited purpose until Congress had finally disposed of the pending authorizing legislation.

The House remained in session past the dinner hour in an effort to adopt a continuing resolution extending the aid agency's spending authority at last year's \$2.6-billion spending rate until adjournment of the present Congress.

Senator Mansfield's announcement appeared to clear the way in the Senate for approval of the resolution, as modified by the Mansfield language, by the Appropriations Committee.

The vote sustaining the higher interest rates came in the face of warnings from the agency that the poor countries could not afford to borrow on such terms. Senator Jacob K. Javits, Republican of New York, said that developing countries were already paying in debt service about \$5-billion a year, or about half the total of aid they received from all donors.

After defeat of his effort to hold development-loan interest at the present level, Senator Javits made a separate attempt to exempt from the higher charges loans made through the Alliance for Progress with Latin American countries.

This time the New York Senator won on a vote of 49 to 35. The effect was to direct continuation of the prevailing terms on development loans through the alliance, for which the measure would fix a ceiling of \$150-million.

In addition to the separate loan ceilings, the economic and humanitarian aid authorizations in the bill include \$175-million for technical assistance; \$139-million for voluntary contributions to United Nations programs; \$250-million for Pakistani refugee relief; \$15-million for American schools and hospitals abroad and \$30-million for the President's contingency fund.