SECURITY ASSISTANCE LEGISLATION AND POLICY

Fiscal Year 1988 Security Assistance Appropriations: An Interim Report

By

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Shortly after three o'clock on the morning of 22 December, Congress finally completed action on House Joint Resolution 395, the omnibus Continuing Appropriations Resolution (CR) for Fiscal Year 1988. The bill was signed into law (P.L. 100-202) by the President later that afternoon as a weary Congress adjourned for 1987. Beginning on 30 September, a series of four "stopgap" or interim CRs were enacted to permit continued government operations until the final CR was enacted. The lengthy delay was prompted by intensive partisan wrangling over a variety of diverse, politically charged issues, ranging from deficit reductions and tax increases, to funding for the Nicaraguan democratic resistance (i.e., the Contras), and the so-called "Fairness Doctrine" which requires radio and television broadcasters to air all sides of controversial issues. In the wake of these and numerous other complex and controversial issues, for the second consecutive year (and the third time in U.S. history) Congress was unable to pass any of the 13 regular appropriations bills, and all 13 were again incorporated in the final CR. This includes the *Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988*, which funds security assistance programs, and which since FY 1982 has been included in annual CRs. The appropriations for security assistance, which total $8,017.16 million, are miniscule (1.3%) when compared to the $603.9 billion in overall new spending authority covered by the CR. At that level, the FY 1988 CR is the largest single spending measure in U.S. history.

A second piece of legislation associated with security assistance, the authorization bill (technically entitled *The International Security Assistance and Development Cooperation Act of 19xx*), failed to be enacted for FY 1988. The House Foreign Affairs Committee sent its version of the authorization bill to the full House on 5 August 1987, where it languished until November when debate finally began, and with passage occurring on 10 December. In the Senate, however, the Foreign Relations Committee reported out its bill on 22 May 87, but no floor vote was ever taken. Consequently, as in FY 1984 and FY 1985 when no authorization bills for those years were enacted, authorizations for FY 1988 are limited to those contained in the CR. Among various effects of the absence of an authorization act is the failure to obtain enactment of a variety of legislative initiatives which were sought by the Administration to improve the management of security assistance.

Inasmuch as the CR was enacted as this issue of *The DISAM Journal* was in final preparation for publication, a detailed report of the CR will have to await the Spring issue. However, the following data is provided to identify funding levels, earmarks and ceilings, and certain special features. Table 1 below compares FY 1988 security assistance funding with that of FY 1987 and also with the President's budget request for FY 1988. As is readily apparent, reductions from FY 87 were made for all programs except Peacekeeping Operations, and more substantial cuts were made to the program levels contained in the budget request. The most serious reductions were made to the Military Assistance Program (MAP) budget which fell $249.25 million (or 26.2%) below FY 1987 appropriations, and $629.05 million (or 47.3%) below the budget request.

TABLE 1

CONGRESSIONAL FUNDING FOR FY 1988 SECURITY ASSISTANCE PROGRAMS

($ in millions)

	FY 87 Appropriations*	FY 88 Budget Request	FY 88 Continuing Resolution	FY 88 Reduction From FY 87	FY 88 Reduction From Request
Foreign Military Sales (FMS) Credit Program	$4,053.44	$4,421.15	$4,049.00	0.1%	8.4%
Military Assistance Program (MAP)	950.00	1,329.80	700.75	26.2%	47.3%
International Military Education and Training Program (IMET)	56.00	56.00	47.40	15.4%	15.4%
Economic Support Fund (ESF)	3,850.00	3,587.50	3,188.32	17.2%	11.1%
Peacekeeping Operations (PKO)	31.69	46.31	31.69	0.0%	31.6%
TOTALS	$8,941.13	$9,440.76	$8,017.16	10.3%	15.1%

*Includes original FY 87 CR appropriations plus supplemental appropriations of $363 million for FY 87.

As in previous years, congressionally specified country funding levels (earmarks and ceilings) have severely limited the Administration's flexibility in allocating program funds. For example, of the $4,049 million appropriated for the Foreign Military Sales Credit (FMSCR) Program, $4,019 is directed to be provided to six countries: Israel, $1,800 million; Egypt, $1,300 million; Pakistan, $260 million; Turkey, $334 million; Greece, $313 million; and Morocco, $12 million. The impact of such directed appropriations is to leave only $30 million (or 0.7 percent) available for providing FMS credits to other countries. Similar earmarks and ceilings apply to the MAP and ESF programs.

Another important feature of the FY 1988 FMSCR Program is the expansion of the "forgiven credit" benefit. Since FY 1983, Egypt and Israel have been the only two countries to receive such "forgiven credits," i.e., direct loans for which they have been legally released from liability for the repayment of principal or interest. This privilege, which Congress has extended annually to Egypt and Israel (and which since FY 1985 has applied to their entire FMSCR appropriations), has now been extended, in part, to two additional countries--Turkey and Pakistan: in FY 1988, $156 million of Turkey's $334 million FMSCR account is to be forgiven, as is $30 million of Pakistan's $260 million account. Such forgiveness, by its very nature, amounts to grant assistance for these countries.

A variety of other elements of the CR will be discussed in our next issue, and are outlined below as a means of early identification for the reader, of key issues which might affect their management functions. These include:

a. A reduction in the Special Defense Acquisition Fund (SDAF) obligational authority from $316.820 million in FY 1987 to $236.365 million for FY 1988, a 25.2% cut.

b. An appropriation of $532 million for the Guaranty Reserve Fund (GRF) for FY 88.

c. A complex plan for the resolution of country FMSCR indebtedness.

d. Increased requirements for providing funding reprogramming notifications to Congress.

e. Detailed restrictions on the sale of the Stinger missile system.

f. Authority to exempt Pakistan from the nuclear non-proliferation restrictions of the Foreign Assistance Act, and to furnish assistance to Pakistan through 1 April 1990.

g. Prohibitions/restrictions on the provision of assistance to Panama, Haiti, Mozambique, Liberia, *et. al.*

h. And a Congressional requirement to terminate the MAP merger program by the end of FY 1989, replacing it with a special, separate accounting program for the control of MAP funds.