SECURITY ASSISTANCE APPROPRIATIONS FOR FISCAL YEAR 1985

By

DR. LOUIS J. SAMELSON
Editor, The DISAM Journal

Introduction

Once again, for the third consecutive year, appropriated funding for security assistance programs in Fiscal Year 1985 will be provided under the legislative aegis of a continuing resolution (CR).[1] Despite intensive committee action, the Congress failed to pass nine of the 13 annual appropriations bills (including the one for foreign assistance) which are required prior to the start of the fiscal year. In fact, from 1-11 October 1984, Congress was compelled to rely on a series of four interim spending bills to finance most major government activities. Finally, on October 11 the Senate approved House Joint Resolution 648 providing a total of $470 billion in continuing appropriations for FY 1985 for Defense, Military Construction, Foreign Assistance, and several other major government activities.[2]

Characterized as "the largest and most sweeping stopgap funding bill ever approved by Congress," the bill had previously cleared the House on October 10; and with the President's signature on October 12, it was enacted into Public Law 98-473.[3] The section of this comprehensive CR which governs security assistance appropriations is entitled, "Foreign Assistance and Related Programs Appropriations Act, 1985;" and in addition to providing appropriations for FY 1985, this CR includes a number of important new provisions which impact significantly on the conduct of the U.S. Security Assistance Program.

Also, as in Fiscal Year 1984, Congress failed to pass a formal authorization bill for Foreign Assistance. The House had approved such legislation on May 10, 1984 (H.R. 5119), but despite a favorable report on a companion bill (S. 2582) by the Senate Foreign Relations Committee, the Senate did not act. Similarly, efforts to incorporate a full-scale authorization bill (S. 3069/H.R. 6409) into the CR in early October also proved unsuccessful.[4] However, Congress did include in the CR a number of separate authorizations which apply to foreign aid and security assistance activities.

This article provides a broad summary of the principal security assistance provisions of P.L. 98-473. Special attention is directed toward those features of the law which represent significant changes and/or restrictions

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affecting the management of current programs. Also included is a comparative discussion of requested funding and appropriated funding levels, as well as an examination of the status of the various legislative initiatives submitted to the Congress by the Executive Department.

FY 1985 Security Assistance Program Levels

The following tabulation illustrates the funding levels appropriated in PL 98-473 for the five major security assistance programs. The appropriations are shown in comparison to the original Executive Branch budget request figures which appear in the Congressional Presentation Document (CPD) for Security Assistance Programs, FY 1985. (A discussion of other security assistance programs affected by PL 98-473, e.g., the Guaranty Reserve Fund, Stockpiling of Defense Articles for Foreign Countries, and Anti-Terrorism Assistance is provided later in this article.)

PROGRAM	FY 1985 CPD Request Levels	PL 98-473 CR Appropriations	Appropriation as % of Request
Foreign Military Sales Financing Program (FMSFP)	$5,100,000,000	$4,939,500,000	96.85%
Forgiven	($2,575,000,000)	($2,575,000,000)	
Concessional	($ 538,500,000)	($ 697,500,000)*	
Treasury Rate	($1,986,500,000)	($1,667,000,000)*	
Military Assistance Program (MAP)	$ 924,500,000	$ 805,100,000	87.08%
International Military Education and Training Program (IMET)	$ 60,910,000	$ 56,221,000	92.30%
Economic Support Fund (ESF)	$3,438,100,000	$3,826,000,000	111.28%
Peacekeeping Operations (PKO)	$ 49,000,000	$ 44,000,000	89.80%
TOTALS:	$9,572,510,000	$9,670,821,000	101.03%

*These levels represent the Administration's allocation of the FMSFP appropriation.

As indicated above, the total appropriations for these five programs represent over 101% of the overall funding request, involving an increase exceeding $98 million. This is clearly a result of the sizeable increase -- almost $400 million -- above the Economic Support Fund request, and it tends to conceal the reductions which were made in the other four programs. While these cuts are significant and will be examined in the discussion which follows, one is nevertheless led to the general conclusion that the 98th Congress

proved generally supportive of the Administration's funding proposals. This conclusion is reinforced further when one examines the total appropriations for all foreign aid programs, including security assistance: such appropriations exceed $18.1 billion and represent 99.5% of the Administration's total request.[5]

Foreign Military Sales Financing Program

Perhaps the most significant changes in the U.S. Security Assistance Program resulting from PL 98-473 involve the Foreign Military Sales Financing Program (FMSFP). One such major change is the discontinuation of the guaranty loan program for FY 1985 and the corresponding placement of the entire financing program "on-budget" as direct U.S. government appropriated loans. Previously, the bulk of the financing program consisted of "off-budget" loans which were funded by monies raised by the Federal Financing Bank (which is administered by the Department of Treasury) and guaranteed by DOD through a special Guaranty Reserve Fund appropriated by Congress. This funding method tended to mask the financial impact of the program, and in 1983, the Senate Committee on Appropriations recommended that the financing program be placed on budget.[6] The Administration, in its request for the change to on-budget appropriations for the FMSFP, observed that "there is very little difference in the impact on [the] U.S. economy between off-budget and on-budget financing. . . . "[7]

Although there will be no guaranteed loans in FY 1985, the need for maintaining the Guaranty Reserve Fund (GRF) is essential in order to support prior year loans. The GRF consists of appropriated dollars and functions as a revolving fund. Payments from the GRF are made by DOD to the lenders (the Federal Financing Bank and commercial banks for pre-1975 loans) for late payments on FMS guaranteed loans; then, when the payments are made, the funds are restored to the GRF. However, the fund has been reduced substantially over the past few years. Under the provisions of paragraph 24(c) of the Arms Export Control Act (AECA), as amended, a Presidential report to Congress is required whenever the GRF falls below $750 million. Such a report was included in the CPD for FY 1985 which reflected a balance of $728 million as of January 4, 1984; moreover, the Administration estimated that without any new appropriations, the balance would fall to $386 million by the end of FY 1985.[8] Consequently, the Administration requested a new GRF appropriation of $274 million. The two Congressional authorizations committees, the Senate Foreign Relations Committee (SFRC) and the House Foreign Affairs Committee (HFAC), both decided to reduce the request to $114 million; the House Appropriations Committee (HAC) cut the request further to $104 million, and only the Senate Appropriations Committee (SAC) recommended funding at the full requested level.[9] The resultant, compromised funding level in the CR provides an FY 1985 appropriation of $109 million for the GRF.

A second major change to the Financing Program involves the introduction of a "concessional" or low interest rate loan program. Since 1981, the Administration has periodically sought Congressional authorization for such a program to permit direct loans at reduced interest rates for selected allied and friendly foreign countries experiencing serious economic problems.

In finally approving this new program for FY 1985, Congress incorporated several important provisions which impact on program implementation. The first of these is the requirement that the rate of interest for concessional loans shall not be less than five percent. A second important provision involves the list of eligible countries. The FY 85 request identified the following 16 countries as proposed recipients of concessional loans: Botswana, Cameroon, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Indonesia, Jordan, Morocco, Pakistan, Panama, Peru, the Philippines, Tunisia, and Turkey.[10] Congress altered this list by deleting Guatemala (presumably for human rights considerations), and by indirectly adding Greece through the linkage of the Greek credit program to the Turkish program. The CR requires that credits extended to Greece in FY 1985 be furnished at a rate of interest equal to that charged for credits extended to Turkey. This provision requires special attention, for it impacts significantly on the overall allocation of credit funds for FY 1985.

Congress appropriated $500 million for Greece, all of which was originally requested by the Administration to be provided at Treasury rates. The request for Turkey totaled $525 million, of which $250 million was designated as concessional. Congress, however, demonstrating its displeasure with the ten-year Turkish occupation of the northern third of Cyprus, reduced the Turkish program to an overall ceiling of $485 million, but did not specify how the credits were to be distributed between concessional and Treasury rates. Thus, after the CR was enacted, the Executive Branch was required to determine the appropriate distribution of the Turkish funds, bearing in mind the statutory requirement for extending equivalent concessionality to Greece. The resultant allocations provide Turkey with $250 million in concessional rate loans and $235 million in Treasury rate loans; the respective allocations for Greece are $258 million and $242 million.

The necessity for the reallocation of the FMSFP appropriations is not limited to Greece and Turkey. The overall program request, including Treasury, concessional, and special loans to Israel and Egypt (to be discussed shortly), was reduced from $5.1 billion to $4.9395 billion. Since the CR does not specify the overall distribution of the reduced funds, but does earmark funding levels for specific countries, the Administration was required to reallocate the remaining funds for concessional and Treasury rate loans among non-earmarked recipient countries to achieve a distribution which would most effectively meet desired program objectives. The resulting overall FMSFP funding distribution which emerged from this reallocation process calls for $1,667 million in Treasury rate loans, and $697.5 million in concessional rate loans, plus $2,575 million for Israel and Egypt.

As indicated above, in addition to the earmark of $485 million for Turkey, credit levels for several other countries were specified by Congress in PL 98-473. For example, no less than $50 million is designated for Tunisia. Although this earmark corresponds to the funding level requested by the Administration, it reflects Congressional concern that funding for Tunisia not be reduced in the reallocation process as occurred during FY 1984. In the case of the Philippines, Congress transferred $45 million from the Administration's FMSFP request to the ESF program; thus, the Philippines will receive $15 million for FMSFP (vice $60 million) and $140 million for ESF (vice $95 million).

As in previous years, the largest earmarks involve the financing programs for Israel and Egypt, established at $1.4 billion and $1.175 billion respectively, and representing over 52% of the total FMSFP appropriation. Several statutory provisions applying to the Israeli and Egyptian programs should be noted. In recent years, the financing programs for these two countries consisted of both guaranteed loans and "forgiven credits." The latter represent direct loans for which both Egypt and Israel were "released from . . . contractual liability to repay the United States Government" under the respective provisions of Sections 31(b)(6) and 31(c) of the AECA. For Fiscal Year 1985, the financing program for both countries for the first time will consist entirely of forgiven credits. This new program reflects the serious economic problems of both Egypt and Israel, as well as the important foreign policy role they are seen to play by Congress in the achievement of a secure and lasting peace in the Middle East.

Two other features of the Israeli program are worthy of note. As in FY 1984, Congress earmarked a portion of the Israeli credits for use in conjunction with their LAVI fighter aircraft development program: $150 million is designated for LAVI research and development (R&D) in the U.S., and not less than $250 million for the procurement in Israel of articles and services, including R&D, for the LAVI program.[11]

The other new feature of the Israeli credit program involves the statutory authority (Section 531) for Israel to utilize forgiven FMS credit funds before utilizing other repayable loan funds. This provision means that Israel is now exempt from the "pari passu" policy directed by the Office of Management and Budget; this policy requires the drawdown of FMSFP funds in equal portions from forgiven and repayable accounts for any country for which its annual combined FMSFP funds and MAP grants exceed $100 million.[12] Since Israel's credits for FY 1985 are all forgiven, this new provision affects Israel's prior year repayable loans which have not yet been drawn down. In short, for new FMS cases, Israel may use all of its FY 1985 credits plus any remaining, prior year forgiven credits before it would be required to employ prior year repayable loan funds.

One further change in the FMSFP deserves mention. Over the past several years, special and favorable loan repayment terms have been enacted for specific countries. When specified in law, such countries have been given a thirty-year repayment schedule (vice an average eight-year repayment period), and allowed a grace period on the repayment of principal for the first ten years. For FY 1985, PL 98-473 provides these same repayment terms for non-concessional direct loans for nine countries: Greece, Somalia, Sudan, Turkey, Korea, the Philippines, Portugal, Tunisia, and Spain (as long as it remains in NATO). This marks the first time that such favorable terms have been extended to the latter five countries. Further, this provision has no application at present for Somalia and Sudan since all of their security assistance funding for FY 1985 is provided in the form of grant programs (MAP, IMET and ESF).

Military Assistance Program Funding

Although the Administration planned to terminate Military Assistance Program (MAP) country grants in FY 1982, its request for alternative

security assistance funding in the form of concessional loans was rejected by the 97th Congress. Instead, Congress infused MAP with new life by appropriating $138 million in grants for country programs.[13] Since FY 1982, MAP appropriations have increased annually; and even though the concessional loan program has now been approved as discussed above, the MAP program continues to grow, with an $805.1 million appropriation for FY 1985. This program growth clearly reflects the prevailing economic problems of the recipient countries which require grant aid to complement their limited national financial resources and to supplement other security assistance funding.

There has also been a major change in the conduct of this program. Prior to FY 1982, MAP grants were provided to recipient countries in the direct form of defense articles and services. However, since FY 1982, MAP funds have been merged with the Foreign Military Sales cash and financing programs, thereby permitting an eligible purchasing country to offset part or all of the costs of a Foreign Military Sales case with appropriated grant MAP funds.

For Fiscal Year 1985, grant MAP funds have been appropriated for 27 countries, as well as for a new Civic Action Program for Africa, a Regional Military Training Center in Honduras (to be discussed shortly), and the Eastern Caribbean Region.[14] The CR also establishes MAP funding ceilings for three countries: Zaire, $4 million; Turkey, $215 million; and El Salvador, $111.75 million. Moreover, special conditions are attached to the appropriations for Turkey and El Salvador.

In the Turkish case, Congress has linked the provision of MAP funds to both American and Turkish policy regarding the volatile situation on Cyprus. Specific conditions must be met before Turkey can receive its grants. First, with respect to U.S. policy, a Presidential report must be provided to Congress certifying that the U.S. Government

> . . . is acting with urgency and determination to oppose any actions aimed at effecting a permanent bifurcation of Cyprus, and is calling upon the Government of Turkey to take without delay all necessary steps to reverse the illegal action declaring an independent state and to promote, pursuant to pertinent United Nations resolutions, the full political and economic unity of the Republic of Cyprus.[15]

Additionally, in terms of Turkish policy, the President must further certify:

> . . . that Turkey is making efforts to ensure that the Turkish Cypriot community is not taking any actions with regard to the region of Famagusta/Varosha which would prejudice the outcome or otherwise impede intercommunal talks on the future of Cyprus.[16]

Similarly restrictive and multiple conditions apply to the use of security assistance funds by El Salvador. First, the MAP appropriation is to be made available for obligation in two parts: one-half as of the start of FY 1985, and the remainder five months later, on March 1, 1985. If an emergency should occur prior to the latter date, the funds may be obligated earlier, following a fifteen-day Presidential notification to Congress. However, under

non-emergency conditions, it is "the direction of the Congress" that no MAP funds be obligated for El Salvador in the second half of FY 1985, until the President consults with Congress (before March 1, 1985) and it is determined that "substantial progress" has been made with regard to each of the following points:

> . . . [the] reduction and punishment of death squad activities, elimination of corruption and misuse of governmental funds, development of an El Salvador plan to improve the performance of the military, and progress toward discussions leading to a peaceful resolution of the conflict. . . .[17]

As a further condition, Congress directed that $5 million from the combined security assistance funds appropriated for El Salvador (i.e., FMSFP, MAP, and IMET) be withheld from obligation until

> . . . the Government of El Salvador has (1) substantially concluded all investigative action with respect to those responsible for the January 1981 deaths of the two United States land reform consultants Michael Hammer and Mark Pearlman and the Salvadoran Land Reform Institute Director Jose Rodolfo Viera, and (2) brought the accused to trial and obtained a verdict. . . .[18]

One additional condition applies: under Section 537 of the General Conditions of the CR, all FY 1985 foreign assistance funding for El Salvador would be halted if "the duly elected President of El Salvador should be deposed by military coup or decree. . . . "[19] Under such conditions, a resumption of funding would require a congressional reappropriation. In placing these several restrictions on Turkey and El Salvador (and other restrictions to be discussed below), Congress emphasized its concern for the political, humanitarian, and foreign policy implications of security assistance.

A final feature of PL 98-473 as it applies to MAP involves the Administration's request for a $20 million MAP appropriation for the Regional Military Training Center (RMTC) in Honduras. The Administration wishes to upgrade the temporary Honduran facility near Trujillo, which has been used for training both Honduran and Salvadoran forces. However, in the months preceding enactment of the CR, several events in the region presented obstacles to the Administration's proposal. As noted in the conference report accompanying the CR, these events included: the Honduran decision to prohibit El Salvadoran military training in Honduras; continuing border disputes between the two countries; the peace proposal developed by the Contadora countries (Mexico, Panama, Venezuela, and Colombia) which includes a provision that would eliminate all military training schools in Central America; and the failure of the U.S. and Panamanian governments to reach accord on the continued use of the regional military training schools in Panama.

Notwithstanding these issues, Congress agreed to appropriate the requested MAP funds, but attached a set of three highly restrictive conditions to the obligation or expenditure of any FY 1985 MAP funds for the "construction or operation" of an RMTC in Honduras. First, the President must provide a report to Congress that the Honduran government has (a) furnished a site for the RMTC that is free of competing legal claims, and (b) has provided written assurances that the site "will be available on a long term basis for

training by the armed forces of other countries." Second, a detailed construction plan must be provided, "with specific cost estimates." The third condition deals with the legal claim of an American citizen residing in Honduras, Temistocles Ramirez, who has charged that his property was illegally confiscated by the Honduran government when the existing facility was established. The legislative provisions in this case are extraordinary. The President must present a determination to Congress that Honduras "is taking appropriate steps" to compensate Ramirez. Furthermore, Presidential reports to Congress of the progress on Ramirez' claim are required within 60, 120, and 180 days of enactment of the CR. Most importantly, should the claim remain unresolved at the time the third report is due, Congress has specified that the report address issues which are suggestive of possible U.S. economic sanctions against Honduras. The statutory language requires a statement of:

> . . . the actions which he [the President] proposes to take in response to the situation and, in particular, actions with respect to the granting of preferential trade benefits under the Caribbean Basin Initiative, disbursement of economic support funds or any other funds provided under this resolution, and review of the status of Honduras under other, expropriation-related legislation.[20]

Given the seriously restrictive nature of these legislative provisions, together with the prevailing political situation in Central America, the utilization of RMTC funds in FY 1985 appears problematic.

Economic Support Fund

The Economic Support Fund (ESF) appropriation for FY 1985 of $3.826 billion represents an increase of $387.9 million above the Executive Branch request and is the largest appropriation which has ever been provided for this security assistance program. Most of the increase is associated with the $350 million raise in the requested funds for the State of Israel which will now receive not less than $1.2 billion. However, there were other increases as well as decreases in requested funding levels which merit attention.

Egypt, for example, will receive not less than $815 million, an increase of $65 million above the request. Similarly, Cyprus (as in past years) will receive $15 million, a $12 million increase over the Administration's request; and Tunisia receives not less than $20 million, an increase of $17 million. Further, Congress provided an additional $75 million ESF appropriation for "programs or activities for sub-Saharan Africa not previously justified [by the Administration] to the Committees on Appropriations. . . . "[21] On the other hand, funding for Guatemala was reduced by $22.5 million to a ceiling of not more than $12.5 million; and Zaire was also cut, from a requested $15 million to an appropriation of no more than $10 million. When all of these earmarked appropriations are totaled, to include $5 million earmarked for the Central American Regional Program, a total of $1,673,500,000 is left in the ESF account to be allocated among the remaining 31 recipient countries, the Eastern Caribbean Region, and other designated programs.[22] Further, although the specific ESF appropriation totals $3.826 billion, an additional $15 million was provided for the Zimbabwe ESF program; this was accomplished by

a Congressional transfer of $15 million from the Administration's original budget request for developmental assistance funds.[23]

In addition to these earmarkings and ceilings, several conditions are attached to the ESF appropriations for five countries: Israel, Egypt, El Salvador, Guatemala, and Haiti. First, in the case of Israel, all of its $1.2 billion is to be made "available on a grant basis as a cash transfer and shall be provided before January 1, 1985."[24] Moreover, as a result of the adoption of a legislative amendment which was first introduced in 1983 by Senator Alan Cranston, D., California, the ESF appropriation for Israel "shall not be less than the annual debt repayment (interest and principal) from Israel to the United States."[25] The statutory language accompanying this unique legislative provision takes note of "the severe economic burdens" Israel incurred in fulfilling its responsibilities under the Egyptian-Israeli Peace Treaty, and emphasizes the importance of "an economically and militarily secure Israel" to the security interests of the United States. This provision, therefore, reflects the special importance that Congress attaches to Israel in serving American policy interests in the Middle East.[26]

Turning to the other specified countries, for Egypt the CR directs that $100 million of its $815 million ESF appropriation be provided as a cash transfer. This statutory provision carries with it the following statement:

> It is the sense of the Congress that the recommended levels of assistance for Egypt are based in great measure upon the continued participation of Egypt in the Camp David Accords and upon the Egyptian-Israeli peace treaty; and that Egypt and Israel are urged to renew actively their efforts to restore a full diplomatic relationship and achieve realization of the Camp David Accords.[27]

For Guatemala, the ESF appropriation (not more than $12.5 million) has two conditions attached to it. First, the funds may be used only for developmental activities "that are aimed directly at improving the lives of the poor in that country, especially the indigenous population in the highlands. . . ."[28] Secondly, Congress must be notified as to the specific use of any of these funds in Guatemala. It should be noted that this ESF appropriation, as well as the inclusion of Guatemala in the FY 1985 IMET program, represent the first funded security assistance programs for this country since 1977; in that year the Carter Administration placed a ban on such assistance, citing human rights abuses by the Guatemalan government.

In the case of Haiti, although Congress denied the requested appropriations for FMS financing and MAP grants for this country, the CR does permit Haiti to receive ESF and IMET funds. No earmarked levels were established, thereby allowing allocations of up to $5,000,000 and $450,000 for ESF and IMET respectively, per the Administration request.[29] However, in order for any of these funds to be obligated, the President must determine that the government of Haiti is: continuing to cooperate with the U.S. in halting illegal Haitian emigration to the U.S.; is cooperating fully in the implementation of U.S. economic assistance programs in Haiti, including prior year programs; and

. . . is making progress toward improving the human rights situation in Haiti and progress toward implementing political reforms which are essential to the development of democracy in Haiti, such as progress toward the establishment of political parties, free elections, and freedom of the press.[30]

The President must report his findings on the above to Congress within six months after the enactment of the CR, and again six months thereafter. The CR does permit the use of U.S. assistance funds for programs "to assist in halting significant illegal emigration from Haiti to the United States."[31] However, the CR also includes the proviso that economic assistance to Haiti, "to the maximum extent possible . . . be provided through private and voluntary organizations."[32]

There are three special statutory provisions attached to the ESF appropriation as it applies to El Salvador. First, the CR requires that not less than $6 million is to be made available to El Salvador for promoting "the creation of judicial investigative capabilities, protection for key participants in pending judicial cases, and modernization of penal and evidentiary codes."[33]

Secondly, the CR requires a Presidential report to Congress concerning any memorandum of understanding (MOU), or agreement established between the U.S. and El Salvador regarding the use of local currencies generated from ESF and other U.S. assistance programs. This report must be made not later than 30 days after enactment of the CR; and detailed Presidential reports to Congress are required on the substance of those agreements and how the funding is being used to "eliminate the climate of violence and civil strife," as well as to develop strong, free, and diversified economies, improve social conditions, and improve the distribution of income and wealth in El Salvador.[34]

Finally, a unique condition is attached to any ESF funds for El Salvador which are placed in that nation's Central Reserve Bank. The CR directs that any such funds are not to be "comingled with any other funds."[35] The apparent legislative intent here is to assure the availability of an audit trail for these monies.

Other Security Assistance Programs

The discussion which follows examines the provisions of PL 98-473 which apply to the International Military Education and Training Program, Peacekeeping Operations, the War Reserve Stockpile Program, the Special Defense Acquisition Fund, and the Anti-Terrorism Assistance Program. This discussion is followed by an examination of certain important general statutory provisions, plus an analysis of legislative initiatives which failed to be enacted.

Congress made no exceptional changes to the International Military Education and Training (IMET) Program for Fiscal Year 1985 other than to reduce the requested funding level by $4,689,000 and to condition IMET funding for Haiti, as noted above. The appropriation of $56,221,000 in grant monies will be used to furnish training and education to military personnel from 94 countries (including Haiti), plus most of the 10 Eastern Caribbean

island nations, and also for funding the Panama Canal Area Military Schools (PACAMS).[36] In terms of participating countries, IMET is the most far-reaching, single U.S. security assistance funded activity, and is also generally regarded as one of the most successful programs. The Administration had originally proposed funded training for 9,143 personnel, but with the funding cut, this level will need to be reduced.[37]

Peacekeeping Operations (PKO) for Fiscal Year 1985 have been funded with a total appropriation of $44,000,000 for three programs. The Administration originally requested a PKO appropriation of $49,000,000, to be allocated as follows:

-- United Nations Forces in Cyprus (UNFICYP): $9,000,000.
-- Multinational Force and Observers (MFO): $35,000,000.
-- Caribbean Peace Force (CPF): $5,000,000.

The $5,000,000 cut in the request, though not specified in the statute, was intended by Congress to be applied to the allocation for the MFO (which maintains the provisions of the Egyptian-Israeli peace treaty in the Sinai and along the Israeli-Egyptian border). In their reports on the FY 1985 appropriations bill, both the House Appropriations Committee (HAC) and the Senate Appropriations Committee (SAC) took cognizance of the fact that due to savings in FY 1984, the Administration had reprogrammed for other use $5,000,000 of the $35,000,000 which originally had been allocated for the MFO. Further, the SAC pointed out that, "The Committee anticipates that such a 'savings' can be made in the current fiscal year [FY 1985] as well."[38]

It is also instructive to examine Congressional comment with respect to the CPF, which consists of a multinational Caribbean military and security force plus U.S. combat support forces assigned to peacekeeping duties on Grenada. The HAC reported that, "The Committee encourages the Administration to wrap up this program as soon as is reasonably possible."[39] While such committee commentary lacks statutory effect, it nevertheless sends a message of congressional intent; accordingly, such messages must enter into the Administration's considerations preparatory to proposing the FY 1986 Security Assistance Program.

In another program area, the U.S. War Reserve Stockpile maintained in the Republic of Korea can be increased in FY 1985 by a value of $248 million.[40] The U.S. maintains stockpiles of defense articles (designated War Reserve Stockpiles for Allied or Other Foreign Forces, or WRSA) at various overseas locations. Title and control of these stocks remain with the U.S. government; and an annual ceiling on the value of additions to such stocks (other than those for NATO purposes) from CONUS stocks is established by Congress in Section 514(b)(2) of the Foreign Assistance Act (FAA) of 1961, as amended.

Congress did not provide for an increase in the level of these stocks when it passed the Continuing Resolution for FY 1984 appropriations (PL 98-151); thus, in its FY 1985 budget request, the Administration asked for a supplemental increase for FY 1984 of $125,000,000, plus an increase of $248,000,000 for FY 1985. The Administration further informed Congress that all of the additions under the requested new authorities would be for the Korean stockpile. Congress agreed, and the requested increases were

provided in PL 98-473. However, due to the delay in the enactment of PL 98-473 until 12 October 1984, or after FY 1985 had already begun, the $125 million increase authorized for FY 1984 cannot now be retroactively effected pursuant to Section 514(b)(1), FAA/61. Thus, only the $248 million increase for FY 1985 can be applied.

Congress also provided, as requested, a new obligational authority for FY 1985 of $325 million for the Special Defense Acquisition Fund (SDAF). This fund, which finances the acquisition of defense articles and services in anticipation of their sale, was initiated in FY 1982. Although the fund is capitalized from various FMS receipts rather than from direct appropriations, under present law Congress must provide an annual obligational authority to permit new SDAF acquisitions. The CR will permit the obligation of $325 million of SDAF monies for the advanced procurement for future FMS cases of defense items that are in high demand, or short supply, or which have long production lead times.[41]

A new foreign assistance program, Anti-Terrorism Assistance, was initiated in Fiscal Year 1984, as a response to rising international terrorism. The Administration had first attempted to establish such a program in 1982. The program provides training and equipment for foreign civilian law enforcement officials and is designed to meet the threat posed by hostage taking, aircraft hijacking, and related terrorist acts. Funding for this program has been modest: $2.5 million was appropriated for FY 1984, and this now has been doubled to $5 million for FY 1985.

General Statutory Provisions

Among the various general provisions of PL 98-473 to be discussed in this section, none has more immediate significance than that represented by the following obscure statutory statement: "Provided further, that section 102 of S. 2346, as introduced on February 27, 1984, is hereby enacted."[42] An examination of the referenced Senate Bill 2346 reveals that Section 102 amends Section 21(a)(3) and repeals Section 21(g) of the AECA, which collectively results in the establishment of a single price for all training purchased through a Foreign Military Sales (FMS) case.[43] This requires some explanation.

Prior to the enactment of this new provision, a three-tier pricing structure existed for FMS training. The pricing structure was based on differing assessments for such training, per the applicable provisions of the AECA. First, there was the basic FMS price which required full recovery of all direct and indirect training costs. Next, there was a reduced FMS/NATO price, which reflected U.S. agreements with NATO countries, Australia, and New Zealand, whereby all indirect training costs (such as certain base operations costs and the asset use charge) were excluded. Finally, there was a further reduced FMS/IMET rate which was charged to countries purchasing training through FMS, but which were also concurrently receiving grant IMET assistance. This third rate was based on "incremental" pricing, which permitted assessments based essentially on only the additional costs (direct and indirect) incurred by the U.S. in furnishing such training. Excluded from these latter tuition prices were the direct costs associated with military and civilian retirement. (A fourth price, of course, is employed for grant IMET

training. The IMET pricing structure, however, is not directly affected by the new legislative provision discussed herein which applies only to FMS purchased training.)

For several years the Administration has requested legislative authority to consolidate these three prices into a single FMS training price; and with the enactment of PL 98-473, this has been accomplished, and was implemented by DOD as of October 12, 1984. This new FMS tuition price reflects the incremental costing concept associated with the former FMS/IMET price, but with three modifications directed by DOD. First, all FMS training cases must now include an administrative surcharge (3%) as part of the total case value. Previously, this surcharge was not applied to FMS/NATO training cases. Secondly, an attrition charge of 1% for nonflight programs (4% for flight programs) is to be included as part of this incremental pricing structure. Heretofore, this attrition factor was included in the asset use charge applied to the former basic FMS training price. The new incremental pricing approach eliminates asset use as a distinct cost factor. Finally, the new price must also include an assessment for military retirement costs. This requirement, which did not previously apply to FMS/IMET training cases, represents a cost of military personnel, and it is necessitated by the DOD Authorization Act, 1984 (Section 925, P.L. 98-94, September 23, 1983). This statutory provision required the establishment by October 1, 1984, of an actuarily sound Military Retirement Fund which is financed by payments from military pay accounts; collections for military retirement are deposited in the appropriate military pay appropriation. At the time of publication of this article, DOD was heavily engaged in developing new tuition prices for all FMS training programs. (See the OASD Comptroller memorandum on this subject, reprinted on page 117 of this issue.)

Several other general provisions of PL 98-473 impact on security assistance management in FY 1986. For example, with the exception of the Special Requirements Fund of the ESF, not more than 15% of any other security assistance appropriation "shall be obligated or reserved during the last month of availability" (i.e., September, 1985).[44] Similarly, the funding provided by the CR expires at the end of FY 1985 (i.e., September 30, 1985), and no funds will remain available for obligation thereafter.[45] Thus, new appropriations will be required for FY 1986.

The CR also establishes restrictions with respect to providing security assistance to a number of specified countries. No such assistance, or reparations, is to be provided to: Angola, Cambodia, Cuba, Iraq, Libya, Laos, the Socialist Republic of Vietnam, South Yemen, or Syria.[46] A comparable restriction applies to Mozambique; however, in this case only, the restriction may be waived if the President "determines, and so reports to Congress, that furnishing such assistance would further the foreign policy interests of the United States."[47] Finally, in again emphasizing its concern for the Middle East, the Congress incorporated a non-binding provision in the CR regarding Jordan providing that:

> . . . it is the sense of the Congress that no sales of sophisticated weaponry -- specifically advanced aircraft, new air defense weapons, or other new advanced military weapons systems may be made to Jordan unless the Government of Jordan is publicly committed to the recognition of Israel and to prompt entry into serious peace negotiations with Israel.[48]

Two special provisions from previous legislation which were carried over into the current CR are of particular interest. The first deals with a requirement (first introduced in the FY 1984 Continuing Resolution) for a Presidential report assessing the degree to which the governments of foreign countries support the foreign policy of the United States. The report must consist of a comparison of the overall voting and speaking records of the member countries of the United Nations on issues of major importance to the United States. Should the President find that such a comparison reveals a country "to be engaged in a consistent pattern of opposition to the foreign policy of the United States," no foreign assistance funds may be provided for that country.[49] Under PL 98-473, this has now become a permanent annual reporting requirement: the report must be provided to Congress no later than January 31 of each year, or at the time of the transmittal of the foreign assistance presentation materials to Congress by the President, whichever is earlier.[50]

The second important carryover provision deals with those actions which must be taken in the event a country is in default for over one year in its repayment of U.S. loans, including both principal and interest. Generally known as the "Brooke Amendment" (so named for one of its authors, former Senator Edward W. Brooke, R., Massachusetts), this statutory provision requires the termination of all U.S. funded foreign assistance for any country which is in such default.[51] In the Conference Committee Report which accompanies the CR, the Committee expressed its concern "that U.S. agencies providing foreign assistance have not developed and implemented plans to carry out the intent" of this provision.[52] The Committee, therefore, presented an extraordinary set of implementation guidelines, noting that it expects the relevant agencies "to have in place a system" to implement this provision "and to begin concluding activities in a country as soon as possible after" a year-old default occurs.

The detailed implementation system outlined by the committee is to include "at least" the following four provisions:

(1) cable notifications to [affected] field missions six months before the one-year deadline;

(2) initiation of assessments, prior to the one-year deadline, of necessary requirements to end the program;

(3) negotiations with the delinquent government, for the purpose of both encouraging repayment and making the government aware of the consequences of nonpayment as soon as it appears likely that the one-year deadline will be exceeded; and

(4) obligation of funds only for purposes necessary for the rapid conclusion of current activities as soon as possible after the one-year deadline has been passed.[53]

The report concludes with the statement that "the conferees intend that a very narrow interpretation be given to what constitutes activities necessary for concluding programs as quickly as possible."[54]

Administration Initiatives

A variety of legislative changes affecting security assistance activities were proposed by the Executive Branch and presented to Congress in the hope of enactment for Fiscal Year 1985. Several of these were incorporated into PL 98-473, such as the placement of the entire FMS Financing Program on-budget, the implementation of a concessional credit program, the new single pricing structure for all FMS training, and others as described earlier in this article. There were, however, 12 Executive Branch proposals which failed to be enacted. In the discussion which follows, the objectives of each of these non-enacted initiatives is described. An analysis then follows which examines the legislative action which was taken on these proposals prior to Congressional adjournment on October 12, 1984.

1. Exchange Training. This initiative was designed to permit the attendance without charge of foreign military personnel at American professional military education (PME) institutions (War Colleges and Command and Staff level colleges) when reciprocal attendance at no cost is provided for American military personnel at foreign PME schools. At present, although several countries do not charge the U.S. for American students at their PME schools, the U.S. is prohibited by law from reciprocating.

2. Administrative Surcharge. This provision would clarify the various conflicting provisions of the AECA, as amended, that apply to the cost basis on which the FMS Administrative Surcharge is calculated. It would amend Subparagraph (A) of Section 21(e)(1) of the AECA by requiring calculations based on the full estimated cost, but excluding a pro rata share of fixed base operation costs. In effect, this would provide a recoupment of only those costs actually incurred for the benefit of foreign purchasing governments.

3. Representational Expenses. These are the expenses incurred by overseas security assistance personnel in meeting the social obligations inherent in their professional duties. For FY 1985, the funds available for these activities are limited, as in the past several years, to an appropriation of $70,000 included in the MAP account. Actual expenses have been far higher in previous years, thereby requiring the extensive use of personal funds. The Administration sought relief through this initiative by requesting an additional $72,500 which would be derived from the FMS Administrative Surcharge account. This would necessitate an amendment to Section 43 of the AECA.

4. Increased AECA Penalties. The purpose of this initiative was to increase the penalties associated with criminal violations of the registration, licensing, and related provisions of the AECA which govern commercial sales of defense articles and services. At present, the maximum penalties for each such violation are $100,000 and two years imprisonment, or both. The proposal would raise these penalties to $1,000,000 and ten years respectively.

5. SAO Manning. Congressional authority under Section 515 of the Foreign Assistance Act (FAA) of 1961, as amended, is required in order to increase the manning of an overseas Security Assistance Organization

(SAO) to more than six uniformed personnel. Twelve countries were specifically authorized in the FAA to have such manning: Indonesia, the Republic of Korea, the Philippines, Thailand, Egypt, Jordan, Morocco, Saudi Arabia, Greece, Portugal, Spain, and Turkey. The Administration's proposal would amend the statutory provision to add another eight countries: Pakistan, Tunisia, Yemen, Lebanon, Sudan, El Salvador, Honduras, and Venezuela.

6. Catalog Data and Services. This proposal would amend Section 21(h) of the AECA to authorize the provision without charge of U.S. cataloging data and cataloging services to NATO or any NATO member, provided that reciprocal exchanges are provided at no cost to the U.S. by NATO or that NATO member. Such reciprocal exchanges would eliminate the need for FMS cases for relatively small transactions for those NATO countries which presently provide similar services at no charge to the United States.

7. "Training in Maritime Skills". Under this proposal, the U.S. would be permitted to furnish IMET-funded education and training for foreign military personnel in the following subject areas: search and rescue, operation and maintenance of navigation aids, port security, at-sea law enforcement, international maritime law, and general maritime skills. This initiative requires an exemption to the general prohibitions on law enforcement training as established in Section 660 of the FAA/61.

8. Removal of Prohibitions on China. This proposal would remove the People's Republic of China from the list of countries prohibited grant U.S. assistance (Section 620(f) of the FAA/61). China would thereby become eligible for MAP, IMET, and ESF funds, as well as other U.S. economic and development assistance.

9. Streamlined Reprogramming Requirements. When IMET funds become surplus within a fiscal year to the needs of various countries, they are reprogrammed for use by other countries. At present, all such reprogrammings must be formally reported to Congress 15 days in advance of the obligation of the reprogrammed funds, per Section 634A, FAA/61. This requirement necessitates a large number of such reports annually, and retards the process of shifting reprogrammed funds. The Administration's proposal would establish a reprogramming notification threshold whereby only those country reprogrammings of $50,000 or more would be required to be reported to Congress. The threshold would also be applied to similar reprogrammings of funds appropriated for the International Narcotics Control Program.

10. Waiver of MAP Sales Proceeds. Section 505(f), FAA/61, requires that countries which sell or dispose of equipment previously granted directly by the U.S. under MAP, return to the U.S. the net proceeds of such sales. This Administration initiative was designed to encourage the sale/disposal of obsolete MAP equipment which is difficult and very costly to maintain. This proposed statutory amendment would allow the President, on a country-by-country basis, to permit selected countries to keep the net proceeds of the sales of such equipment which had been delivered five years prior to the President's determination.

11. Emergency Peacekeeping Operations (PKO). In recent years, the funding for unforeseen emergency peacekeeping operations has presented

a problem inasmuch as no appropriations were readily available for such use. This initiative would authorize the Presidential drawdown in such emergencies of not more than $25 million annually in commodities and services from the inventory and resources of any U.S. government agency. This change would require an amendment to Section 552(c), FAA/61, which would also include a provision for appropriations to reimburse any agency for any commodities or services it furnished in support of such emergency peacekeeping operations.

12. Proportional Earmarking. As noted earlier in this article, earmarking involves the statutory designation by Congress of a specific funding level for a specific country program. With the increase in recent years of such congressional earmarking for countries in the MAP, FMSFP, and ESF programs, the Administration has been required to reallocate the remaining, non-earmarked program funds among the other program countries. This becomes a serious problem when the overall program funding requested by the Administration is reduced in an appropriations bill or a continuing resolution, but without similar decreases in the earmarked levels. In fact, Congress has frequently increased the program funds requested by the Administration for specific countries, but reduced the total program appropriation, thereby further complicating the problem of equitably distributing the remaining funds. The Administration proposal, which would amend Section 636, FAA/61, would allow the earmarked levels to be reduced in the same proportion as the total program request was reduced by Congress in the appropriations bill or continuing resolution.

Congressional Support of Administration Initiatives

Despite the failure of enactment of the 12 Administration proposals described above, an examination of legislative action on these proposals during the past year is quite revealing, for over half of them received substantial support during the now concluded Second Session of the 98th Congress. This is demonstrated in the following tabulation which illustrates how each initiative fared in the two authorization committees, as well as in the House authorization bill (HR 5119, "The International Security and Development Cooperation Act of 1984") which was passed on May 10, 1984.

Legislative Action on Administration Initiatives

Administration Initiative	House Foreign Affairs Committee Report (March 21, 1984)	Senate Foreign Relations Committee Report (April 18, 1984)	House Authorization Bill H.R. 5119 (May 10, 1984)
1. Exchange Training (FY 83, 84, 85)	Endorsed (Section 118)	Endorsed (Section 220)	Endorsed (Section 118)
2. Administrative Surcharge Calculation (FY 83, 84, 85)	Endorsed (Section 107)	Endorsed (Section 204)	Endorsed (Section 107)

3.	Representational Expenses (FY 83, 84 85)	Endorsed (Section 113)	Modified Endorsement (Section 215) [See note 55]	Endorsed (Section 113)
4.	Increased AECA Penalties (FY 84, 85)	Endorsed (Section 112)	Endorsed (Section 213)	Endorsed (Section 112)
5.	SAO Manning (FY 84, 85)	Modified Endorsement (Section 117) [See note 56]	Endorsed (Section 218)	Modified Endorsement (Sections 117 and 1001) [See note 56]
6.	Catalog Data and Services (FY 84, 85)	Endorsed (Section 108)	Endorsed (Section 205)	Endorsed (Section 108)
7.	Training in Maritime Skills (FY 85)	Endorsed (Section 119)	Endorsed (Section 221)	Endorsed (Section 119)
8.	Removal of Prohibition on China (FY 83, 84, 85)	Modified Endorsement (Section 905) [See note 57]	Modified Endorsement (Section 1005) [See note 57]	Modified Endorsement Section 905) [See note 57]
9.	Streamlined Reprogramming Requirements (FY 83, 84, 85)	Modified Endorsement (Section 906) [See note 58]	Modified Endorsement (Section 1009) [See note 58]	Modified Endorsement (Section 906) [See note 58]
10.	Waiver of MAP Sales Proceeds. (FY 84, 85)	Modified Endorsement (Section 115) [See note 59]	Non-Endorsed	Modified Endorsement (Section 115) [See note 59]
11.	Emergency Peacekeeping Operations (FY 84, 85)	Non-Endorsed	Endorsed (Section 223)	Non-Endorsed
12.	Proportional Earmarking (FY 84, 85)	Non-Endorsed	Non-Endorsed	Non-Endorsed

The fiscal year designations noted above reflect the program budget years for which each initiative was presented to Congress. The "Section" references are to the respective sections of the committee reports and HR 5119 which deal with the initiatives. The term "endorsed" is used to reflect the adoption by a committee (or in HR 5119) of the Administration proposal, whereas "non-endorsed" represents the rejection of a proposal. "Modified endorsements" are those whereby the Administration proposal was altered; such modifications are described in the referenced endnotes.

Of the twelve Administration initiatives, only one -- maritime training -- was a new proposal. The other eleven had been presented to Congress in prior years, as indicated above. Resubmission of these initiatives was necessitated by the failure of Congress to enact a new authorization bill for FY 1983 or FY 1984; and, of course, a new bill was not enacted for FY 1985, for the Senate, unlike the House, failed to complete action on such a bill.[60]

The most important observation to be drawn from the data is the recognition that the first nine listed proposals were endorsed (four with modifications) by both authorization committees and also were included in the House authorization bill. Of the remaining three initiatives, only one, the request for "proportional earmarking," failed to receive any support at all. The implications of this analysis are clear: had the Senate passed an authorization bill, it would have been quite likely to have similarly authorized the first nine initiatives which its own committee (the SFRC) had already endorsed. Furthermore, it is also possible that in an ensuing joint House-Senate Conference Committee, agreement might have been achieved to endorse one or more of the remaining proposals. The result would have been a joint authorization bill which would have incorporated the majority of the Administration's initiatives, including some proposals which had been before the Congress for three consecutive years without enactment.

Despite the simple logic of the above conclusion, it must remain speculative. The legislative results, however, are conclusive: the proposals failed enactment for FY 1985. The results are not fatal, of course, for the Administration may resubmit those initiatives it still wishes to have enacted to the new 99th Congress after it convenes on January 3, 1985. Nevertheless, this continuing failure of completed legislative action impairs the ability to institute timely improvements for the management of security assistance.

Conclusion

Despite the failure of Congress to complete legislative action on a Fiscal Year 1985 authorization bill and a companion appropriations bill, the continuing resolution authority provided in PL 98-473 provides substantial funding levels for security assistance activities and also incorporates several of the major program changes desired by the Administration. In fact, the broad scope of the new CR makes it the single most substantive security assistance legislation to be enacted since December, 1981 when the last regular authorization and appropriations bills were enacted.[61] Implementation of the important statutory changes established in PL 98-473 requires new management policies and procedures which impact on the entire community of security assistance managers and executives. It is hoped that this article will prove

useful in understanding the many new provisions of law which now govern the conduct of U.S. security assistance activities.

ENDNOTES

1. A continuing resolution -- more appropriately, a "Joint House Continuing Appropriations Resolution" -- is a Congressional mechanism which is employed in the absence of a formal annual appropriations bill. The traditional intent of such resolutions has been to provide authority for appropriations for a specific, limited period, usually until the Congress can agree on a formal appropriations bill. However, no such bills were passed for security assistance for fiscal years 1980-1981 and 1983-1984; funding authority throughout each of those four years was provided through a series of continuing resolutions, as is again the case for FY 1985.

2. In addition to appropriations for Defense, Military Construction, and Foreign Assistance, the CR provides FY85 funding for Transportation, Agriculture, Labor-Health and Human Services, Treasury-Postal Service, Interior, and the District of Columbia, and also includes a major new anti-crime law. Congressman Silvio O. Conte, R., Mass., has characterized the CR as "the continuing resolution to end all continuing resolutions," adding that "it seems clear . . . that we have to find a way to avoid running into this kind of continuing resolution situation." Congressional Record, Vol. 130, No. 133, Part II, October 10, 1984, p. H11973. (Note: The full text of the FY85 Continuing Resolution is published in this referenced issue of the Congressional Record, pp. H11868-H11874.)

3. Tate, Dale. "Stopgap Measure Was Biggest, Most Complex," Congressional Quarterly Weekly Report, October 30, 1984, p. 2732.

4. Felton, John. "Despite Disputes, Reagan Gets Most of the Items on Wish List," Congressional Quarterly Weekly Report, October 30, 1984, p. 2737. Felton notes that the Democrats objected to the inclusion of an authorization bill, claiming that "Congress should not enact into law a bill written entirely by staff." On this point, Senator Patrick J. Leahy, Democrat, Vermont, is reported to have stated: "I've asked for an explanation of what's in the [proposed authorization] bill, and nobody can give me one. I might support it, if I knew what was in it. I doubt if any elected member of Congress knows what's in it." Op. cit.

5. The overall request amounted to $18,271,016,226; the CR provides total appropriations of $18,190,366,636.

6. U.S. Senate. Foreign Assistance and Related Programs Appropriation Bill, 1985, Report of the Committee on Appropriations on S2793, June 26, 1984, p. 105.

7. Congressional Presentation Document for Security Assistance Programs, FY 1985, p. 16.

8. Ibid., p. 43.

9. See the following committee reports:

   (a) U.S. Senate, International Security and Development Cooperation Act of 1984. Report of the Committee on Foreign Relations on S2582, April 18, 1984, pp. 26-27.

   (b) U.S. House, International Security and Development Cooperation Act of 1984. Report of the Committee on Foreign Affairs on H.R. 5119, March 21, 1984, p. 24.

   (c) U.S. House, Foreign Assistance and Related Programs Appropriations Bill, 1985. Report of the Committee on Appropriations on H.R. 6237, September 13, 1984, p. 37.

   (d) U.S. Senate, Report of the Committee on Appropriations, op. cit., p. 105.

10. CPD, op. cit., p. 17. In its September 13, 1984 report, the House Appropriations Committee did not recommend any concessional funds for Pakistan, stating that "Pakistan has indicated that it would prefer not to receive concessional funds." Op. cit., p. 34.

11. Section 31(b)(3), AECA, as amended. For FY 1984, the respective earmarks were $300 million for expenditure in the U.S., and $250 million in Israel.

12. The "pari passu" policy was first applied by OMB in FY 1982, when MAP funds were first merged with the FMSFP, as described in the succeeding section of the text which examines the FY 1985 MAP program.

13. For a discussion of the FY 1982 legislation, see the author's article, "FY 82 Security Assistance Legislation," DISAM Newsletter, Spring, 1982, pp. 9-28.

14. The 27 MAP recipient countries for FY 1985 are: Belize, Bolivia, Botswana, Chad, Costa Rica, Djibouti, Dominican Republic, El Salvador, Guinea, Honduras, Jamaica, Kenya, Liberia, Malawi, Morocco, Niger, Panama, the Philippines, Portugal, Senegal, Somalia, Sudan, Thailand, Tunisia, Turkey, Yemen, Zaire. The Eastern Caribbean Region includes: Anguilla, Antigua, Barbados, British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts, St. Lucia, St. Vincent.

15. Congressional Record, op. cit., p. 11871.

16. Ibid. Varosha is a coastal suburb of Famagusta on the border of the Turkish controlled area of Cyprus. Now abandoned, it is the site of prior heavy Greek financial investment in support of tourism. Varosha's future status is an important point in the negotiations to resolve the Cyprus conflict.

17. Ibid.

18. Ibid. Messrs. Hammer and Pearlman were AFL/CIO advisors to the Salvadoran government. They and Mr. Rodolfo Viera were killed on 3 January 1981 as they sat in a Salvadoran coffee shop. Two Salvadoran National Guard corporals subsequently confessed to the crime, claiming that Salvadoran Army Lieutenant Isidro Lopez Sibrian had provided them with guns and ordered the murders. Lt Lopez Sibrian was acquitted of the murders on 29 April 1983 on the grounds that the only evidence against him was the corporals' claims and that under Salvadoran law the testimony of confessed murderers cannot be used against another suspect. This verdict was later upheld by an appeals court, and on 19 November 1984, a three-member Salvadoran Supreme Court panel upheld the decision of the two lower courts. Lt Lopez Sibrian received a "definite stay of proceedings," and the panel stated that "he cannot appear in court to testify on the crime that he has been accused of." On 30 November 1984 Salvadoran President Duarte ordered Lt Lopez Sibrian discharged from the Army for "military infractions." Disposition of the charges against the accused corporals has remained in abeyance pending the outcome of the case against Lt Lopez Sibrian. "Salvadoran Officer Cleared by Court," New York Times, 20 November 1984, pp. A1, A9, and Wall Street Journal, 30 November 1984, p. 1.

19. Congressional Record, op. cit., p. H11874.

20. Ibid., p. H11871.

21. Ibid.

22. The Central American Regional Program funds proposed for FY 1985 "will be used to provide emergency credit to the Central American Common Market Fund to promote inter-regional trade and to support the Central American Development Organization." CPD, op. cit., p. 400. The Administration requested $28 million for this program; the appropriation was placed at not less than $5 million. The 31 recipient countries other than those identified as receiving earmarked ESF appropriations, include: Belize, Botswana, Chad, Costa Rica, Djibouti, Dominican Republic, El Salvador, Haiti, Honduras, Jamaica, Jordan, Kenya, Lebanon, Liberia, Mauritus, Morocco, Niger, Oman, Pakistan, Panama, the Philippines, Portugal, Senegal, Seychelles, Somalia, Spain, Sudan, Thailand, Turkey, Zambia, Zimbabwe. The other ESF programs include the Middle East Regional, South African Regional, Latin American and Caribbean Regional, and an Oceanographic Research Program. For further information on these programs, see CPD, op. cit.

23. Congressional Record, op. cit., p. H11869.

24. Congressional Record, op. cit., p. H11870.

25. Ibid., p. H11874.

26. Ibid. Further evidence of the importance Congress attaches to Israel is found in Section 535 of the CR, whereby it is provided that "no employee of, or individual acting on behalf of the United States Government shall recognize or negotiate with the Palestine Liberation Organization or representatives thereof, so long as the Palestine Liberation Organization

does not recognize Israel's right to exist, does not accept Security Council Resolutions 242 and 338, and does not renounce the use of terrorism." This restriction has been established U.S. policy since 1975 and is now codified in law.

27. Ibid., p. H11870. Additional directions for the administration of the $100 million cash grant for the Egyptian ESF program are contained in the Conference Report which accompanies the CR. The U.S. Agency for International Development, which manages the ESF program, must assure that Egyptian pounds equivalent to the grant are used for development purposes. Op. cit., pp. H11939-40.

28. Ibid.

29. When a country is not prohibited from receiving funds, but no ceiling or earmarked levels are provided, the Administration may obligate funds up to the levels requested in the annual Congressional Presentation Document without submitting a reprogramming notification to Congress. (See Section 525, P.L. 98-473, Congressional Record, op. cit., p. H11873.) For FY 1985, the Administration requested the levels cited in the text for Haiti.

30. Congressional Record, op. cit., p. H11874.

31. Ibid.

32. Ibid.

33. Ibid., p. H11870.

34. Ibid., pp. H11873-H11874.

35. Ibid., p. H11870.

36. The Panama Canal Area Military Schools formerly included the U.S. Army School of the Americas (USARSA) at Fort Gulick, the Inter-American Air Force Academy (IAAFA) at Albrook Air Force Base, and the U.S. Navy Small Craft Instruction and Technical Training School (SCIATTS) at Rodman Naval Station. Under the provisions of the Panama Canal Treaties, Fort Gulick has been returned to Panama. USARSA will be temporarily relocated at Fort Benning, Georgia. USARSA funding, however, is planned to be provided through the IMET appropriation and by the countries participating. IAFFA and SCIATTS are scheduled to remain in operation in Panama until 1999.

37. CPD, op. cit., pp. 29-30.

38. SAC Report, op. cit., p. 76.

39. HAC Report, op. cit., p. 32.

40. The House Foreign Affairs Committee reported the Korean stockpile to be valued at over $3 billion. HFAC Report, op. cit., p. 27.

41. Previously, $125 million in obligational authority was provided for FY 1982 and also for FY 1983. This was increased to $225 million for FY 1984. For an excellent analysis of the SDAF, see James, Langley P., "The Special Defense Acquisition Fund, An Initiative to Improve FMS Weapons Management," DISAM Journal, Fall, 1984, pp. 10-19.

42. Congressional Record, op. cit., p. H11871.

43. For the text of this amendment, see Congressional Record, February 27, 1984, p. S1736.

44. Congressional Record, October 10, 1984, Section 502, p. H11872.

45. Ibid., Section 517, p. H11872.

46. Ibid., Section 513, p. H11872.

47. Ibid., Section 512, p. H11872.

48. Ibid., pp. H11871 - H11872.

49. Ibid., Section 530, p. H11873.

50. A copy of the 1984 report is contained in U.S. Senate. Hearings Before a Subcommittee of the Committee on Appropriations, Part 3, Report to Congress on Voting Practices in the United Nations, February 24, 1984.

51. Congressional Record, October 10, 1984, Section 518, p. H11872.

52. Ibid., p. H11940.

53. Ibid.

54. Ibid., emphasis added.

55. The SFRC modified this proposal by recommending an increase in the ceiling for representational funding from the FMS Administrative Surcharge to $150,000 per year in place of the Administration's requested $72,500 annual ceiling.

56. The HFAC omitted Sudan, El Salvador, and Honduras in its endorsement of this initiative. H.R. 5119 omitted Sudan.

57. Rather than removing China from the Section 620(f), FAA/61, list of prohibited countries, both the HFAC and SFRC as well as H.R. 5119 included comparable provisions which would allow assistance to China (and Tibet) based on a Presidential determination that extending such assistance is important to the national interest/security of the United States.

58. Both the HFAC and SFRC, and also HR 5119 reduced the requested reprogramming notification threshhold from $50,000 to $25,000.

59. The HFAC and HR 5119 modified this proposal by setting 1975, rather than five years prior to the President's determination, as the latest year of receipt of MAP funded equipment for which the waiver of net sales proceeds would be permitted.

60. It should be noted that PL 97-113, the "International Security and Development Cooperation Act of 1981," (December 29, 1981), provided security assistance authorizations for both FY 1982 and FY 1983. However, in 1982 the Administration requested a new authorization bill for FY 1983, containing a variety of new security assistance program proposals. A new bill, however, was not passed.

61. These bills were PL 97-113, the "International Security and Development Cooperation Act of 1981," and PL 97-121, "Foreign Assistance and Related Programs Appropriations, 1982."

ABOUT THE AUTHOR

Dr. Louis J. Samelson, who served on the DISAM faculty from June 1980 to December 1982, returned to DISAM in September, 1984, and resumed his former duties as the Editor of the DISAM Journal and as Deputy for Research. In the interim, he served as a Visiting Assistant Professor at Wright State University in Dayton, Ohio. A retired Air Force Lieutenant Colonel, Dr. Samelson holds a Ph.D. in Political Science from the University of Illinois, and has served as an adjunct professor at the Universities of Alaska and Kentucky, and at Auburn University.