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INTERNATIONAL DEVELOPMENT ASSISTANCE ACT

STATUS

The Administration has requested $8.9 billion in authorizations for FY 1980 foreign assistance programs, including $1.8 billion for bilateral economic aid, $227 million for voluntary U.S. contributions to international organizations, and $2.0 billion for security supporting assistance (which is incorporated in H.R. 3324 under Title III, Economic Support Fund); a total of $4,176,000 for international economic assistance.

On April 10, the House of Representatives concluded four days of floor action on H.R. 3324, the "International Development Cooperation Act of 1979," the name change from "International Development and Food Assistance Act" reflecting the Administration's proposed new aid body, the International Development Cooperation Agency. On a roll call vote of 220-173 the House passed the bill authorizing $4,017,423,000 in program funding for development assistance and economic support, subject to a five percent across-the-board cut (excluding the P.L.-480 program, American Schools and Hospitals Abroad, and Egypt and Israel).

The Senate Foreign Relations Committee completed markup on S. 588, the "International Development Assistance Act of 1979," on May 1, cutting approximately $212 million from the Administration's request and voted to authorize only FY80 economic aid programs. The Senate version of the development bill incorporates neither security supporting assistance nor a proposal concerning Peace Corps reorganization as found in the House Bill. Floor action on S. 588 as reported out of committee is scheduled for May 16.

Changes were made by the House with respect to the FY 1979 Act and the committee version of the bill, while the Senate Foreign Relations Committee adopted substantive changes through program cuts. As usual there was only superficial discussion of many of the complex programs.

TITLE I: DEVELOPMENT ASSISTANCE

SEC.101-103 (Sec.101-103)* The three bilateral assistance programs included in these sections are Agriculture, Rural Development and Nutrition, Population and Health, and Education and Human Resources Development. The first of these programs containing agricultural assistance received approximately one-half of the funding authorized for the programs, total House authorizations equaling $1,214,757,000 prior to the 5 percent cut.

These particular programs exceeded the Administration's request by $16, 235,000. The Foreign Relations Committee in markup approved authorizations totaling $1,197,757,000 for these programs; however, the $61.7 million cut from functional AID research programs will further delete funds from these categories.

SEC.104 (Sec.104) ENERGY PROGRAMS

An amendment introduced by Rep. Dan Glickman (D.-Kan.), approved by the House, prohibits the use of any portion of the $24 million authorized for FY 80-81 to "facilitate geological and geophysical survey work to locate potential oil, natural gas, and coal reserves" by any OPEC member nations. The Senate committee version permits $5 million for energy research and development in non-OPEC countries.

Acceptance of the Glickman amendment was a weak response to a bi-partisan attempt to cut off all U.S. aid to all OPEC nations, Nigeria being singled out first. Congressman Joseph Minish (D.-N.J.) reminded his colleagues that since 1946 U.S. taxpayers have contributed $6.6 billion in direct aid to OPEC nations while Rep. Bill Young (R.-Fla.) pointed out that Saudi Arabia would receive $10 million from a five-year United Nations Development Program which the U.S. indirectly supports. Efforts to cut off OPEC aid, in a response to constituent concerns over increasing oil prices, would have affected in FY 80: Indonesia - $205,044,000 in P.L. - 480 and AID grants, Ecuador - $10,454,000, and Nigeria - $3,000,000. Several amendments were offered with the intention of cutting all aid, but a final vote of 175-222 rejected a Minish substitute amendment which, as a compromise, included a presidential waiver for national interest reasons.

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* Throughout this paper the first section number refers to the Senate bill and the section number in parenthesis refers to the House bill

SEC.108(Sec. 109) RELATIVELY LEAST DEVELOPED COUNTRIES (RLDC)

Program authorization for this section was added to the Foreign Assistance Act of 1961 in the FY 1979 authorization bill. The President was granted authority on a case-by-case determination to waive payments of interest or loan obligations owed the U.S. by RLDCs if such money could instead be used in local currency to foster development programs. Congressman Bill Young (R.-Fla.) proposed an amendment to delete this program, finding the $18.8 million ceiling authorization for FY 80 disconcertingly similar to the total amount on a State Department list of possible countries the U.S. would extend debt forgiveness. Included among the countries on the list were Afghanistan, Somalia, Ethiopia, and Uganda. After assurances from the Foreign Affairs Committee chairman, Clement Zablocki (D.-Wis.),that these countries would never be approved for such a program, Young expressed concern over the apparent trend emerging from international financial institutions to cancel debts. S. 588, as reported out of committee, contains language identical to the House version. Although the proposed ceiling for FY 81 is lower, $18.2 million, this innocuous sounding program has a real potential for substantial growth if not closely monitored by the Congress.

SEC.110(Sec.111) AMERICAN SCHOOLS AND HOSPITALS ABROAD

Although the Agency for International Development requested only $15 million for FY 80 operation of this program, both the House and the Senate Foreign Relations Committee (through an amendment proposed by Senator Jacob Javits (R.-N.Y.)) approved $25 million for FY 80. This action illustrated more than a humanitarian concern; moreover it expresses the fiscal concerns over a program which spends a large proportion of the authorized funding on contracts awarded across the U.S.

SEC.113 (Sec. 113) INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Representative John Rousselot (R.-Cal.)failed in his efforts to win House approval of an amendment to delete Sec. 113 (b), which reverses the Helms amendment to the FY 79 foreign assistance appropriations bill concerning U.S. funding of United Nations technical assistance programs. The Helms amendment prohibited the use of any FY 79 assessed U.S. contributions for U.N. technical development assistance programs; $27.7 million was the estimated U.S. share of these activities financed by such contributions. For FY 80 the State Department is requesting $41.2 million in mandatory financing along with the Administration's request of $227,199,000 for U.S. voluntary contributions to international organizations (of which $140 million is for the United Nations Development Program).

Without an amendment similar to Rousselot's being adopted during the remaining authorization and appropriations process, the U.S. will be required to finance 25 percent of the technical programs included under the heading of U.N. general operating expenses, in addition to the voluntary contributions.

The Administration has charged that the consequences of the Helms amendment were not widely understood on Capitol Hill, and that it was hastily offered last year. Actually, the Helms and Rousselot amendments were aimed specifically at goals the Congress and Administration have repeatedly claimed to be working towards. These are to place all U.N. technical assistance under voluntarily financed programs or to have assessments where necessary reflect voting power and the financial capabilities of all members.

S.588 contains no paragraph similar to 113 (b) and makes no mention of the restriction attached to last year's appropriation bill, but intense floor debate on this issue is expected.

Sec. 127: PANAMA

In perhaps the most surprising action taken on the development bill the House voted 246-150 to adopt a Bauman (R.-Md.) amendment which prohibits the use of any funds authorized in the bill for Panama "or its agencies or instrumentalities." Bauman gained support for his move by citing the $60 million in annual revenues the Republic of Panama is expected to begin receiving from the Canal on Oct. 1. Adoption of this amendment blocks approximately $11.7 million in economic aid to Panama, while leaving unrestricted $1.5 million in P.L.-480 program support.

COUNTRY RESTRICTIONS ON AID DISTRIBUTION: S. 588

During markup of S. 588 the Senate Foreign Relations Committee voted to cut $122,637,000 in funding of functional accounts for development aid to ten countries: Panama, Guatemala, Nicaragua, El Salvador, Paraguay, Pakistan, Ethiopia, Haiti, the Central African Empire, and Afghanistan. The justification for these cuts ranged from human rights violations to specific actions taken by the countries in opposition to U.S. foreign policy and security interests.

In contrast to the House action regarding aid to Panama, the Senate committee cut only the funding levels, including all funding for economic assistance (including P.L.-480) for Panama. Thus, as Chairman Church (D.-Idaho) repeatedly noted, the Administration could make a decision to cut the funds out of other programs and transfer money back into Panama programs. This difference in the two versons should encourage active debate on the Senate floor.

TITLE III ECONOMIC SUPPORT FUND (included only in H.R. 3324)

The House moved this program, referred by the Executive branch and the Senate as "security supporting assistance," back into the development assistance act in order to emphasize that it is an economic aid program. The ESF, according to House Report 96-79, will be increasingly aimed at fulfilling the basic human need requirements of recipient countries which are of economic, security, and political interest to the U.S. The House approved $1,895,000,000 of the Administration's $1,967,000,000 request, with the $785 million and $750 million earmarked for Israel and Egypt, respectively, exempt from a further five percent cut.

SEC. 302 MIDDLE EAST PROGRAMS

Congressman Edward Derwinski (R.-Ill.) offered an amendment to ban all aid to Syria in protest of that country's hostile attitude toward the Middle East treaty, but his efforts were thwarted by House passage of a Lee Hamilton (D.-Ind.) substitute which included a presidential waiver for national interest reasons. The Foreign Affairs Committee cut of $15 million from the Administration's total request of $65.5 million for Syria was accepted on the floor. Syria was later included with Jordan in a sense of the Congress amendment sponsored by Chairman Zablocki, which states that continued economic aid to these nations would be dependent upon their cooperation with Middle East peace treaty implementation procedures.

SEC. 303 SOUTHERN AFRICAN PROGRAMS

Further aid restrictions were placed on Mozambique, Angola, Tanzania, and Zambia subject to a waiver if the President determined such assistance would "further the foreign policy interests of the United States." This Bauman amendment supported the absolute prohibition on aid to these nations attached to the FY 79 appropriations bill.

Congressman Bauman proposed an amendment to add additional language to the section which would authorize the President to send observers to the Rhodesian election and to earmark $20 million of the $68 million proposed for FY 80 programing to be made available to the government of Zimbabwe/Rhodesia following the elections. Stephen Solarz (D.-N.Y.), Chairman of the Foreign Affairs Subcommittee on Africa declared this provision would be worse than lifting trade sanctions against Rhodesia which at least "could be defended as a neutral act." After much heated discussion the Bauman amendment, as amended, was rejected by a narrow (180 - 190) vote. The $68 million authorized for Southern African programs is subject to the five percent across-the-board cut.

SEC. 306 MIDDLE EAST PEACE DEVELOPMENT FUND

A sense of the Congress amendment introduced by Congressman Don Ritter (R.-Pa.) was avidly supported and urges that the President negotiate with other industrialized Western nations to establish a fund explicitly aimed at financing the Middle East peace efforts. Countries especially targeted for involvement would be those equally dependent on Middle East oil supplies as the U.S.

TITLE II INSTITUTE FOR TECHNOLOGICAL COOPERATION (TITLE IV INSTITUTE FOR SCIENTIFIC AND TECHNOLOGICAL COOPERATION)

As explained in both bills, the purpose of the Administration's newly proposed Institute is "to strengthen the capacity of the people of developing countries to solve their development problems through scientific and technological innovation, to foster research on problems of development, and to facilitate scientific and technological cooperation with developing countries." This reasoning is strongly reminiscent of the rhetoric accompanying the 1973 New Directions program for foreign aid which declared that U.S. aid policy would henceforth reach the poorest of the poor and help them to help themselves. The general contention seems non-controversial.

However, the proposed Institute would create another funnel for aid program funding, with $25 million for FY 80 and $40 million for FY 81 included in the original program outlay. In addition to the funding, the Institute would be headed by a Director and Deputy Director to be selected by the President, and governed by a Council comprised of up to twenty-five members also selected by the President. There is also a Fellows program proposed which would authorize the President to select up to twenty candidates a year for a two-year program, no more than half to be foreign citizens.

Only two amendments were offered on the House floor, one to place the executive level positions under the ceilings of the Civil Service Reform Act, P.L. 95-454 (adopted), and the other proposed by Congressman Bauman to delete the entire section from the bill on grounds that it was an unnecessary creation of added bureaucracy and fiscally irresponsible. Although the amendment was soundly rejected on a roll-call vote (136-236), the discussion focused on two important angles of the cost involved. First, although the $65 million initially requested for the two-year authorizations is a negligible figure in comparison to many of the aid programs, the 62.5 percent authorization increase in one year might suggest a continually rising authorization level for some years ahead. On the other hand, it was suggested in floor debate that the amount involved is grossly insufficient to promote scientific and/or technological development in poverty stricken countries, and thus the money would produce no long-standing contributions. There are more direct ways to filter research grants to U.S. colleges and universities than through the creation of a new government body.

In markup before the Senate Foreign Relations Committee the Institute was quickly passed over, with Senator Glenn's few technical amendments dealing with salaries and reporting adopted without discussion.

Perhaps when Title II is read on the Senate floor there will be some in-depth examination of the vitality of the programs involved and their likelihood of succeeding where others have previously failed before any new funds are authorized or authority granted to establish this Institute.

TITLE V THE PEACE CORPS (appearing only in H.R. 3324)

By a vote of 276-116 the House followed the recommendation of the Foreign Affairs Committee to remove the Peace Corps from ACTION and place it as an autonomous body within the proposed International Development Cooperation Agency (IDCA). If the IDCA is not established by October 1, 1979 the Peace Corps will become a free-standing autonomous agency. This step removes a program designed to further the social objectives of international economic development from a domestic agency which has been recently plagued with criticism and more realistically places it within the scope of other international programs.

President Carter, following this House vote, reportedly sent letters to Senate leaders voicing his objections to such a reorganization scheme. The Administration favors keeping the Peace Corps within ACTION while granting it autonomous powers, including budgetary controls. The President said he feared the Peace Corps would get lost in IDCA and would sacrifice its unique apolitical character.

As the Senate begins to consider the House action some observers have questioned the President's motives for keeping the Corps within ACTION. As ACTION has been the constant target of congressional criticism in recent months, there is some suspicion that keeping the Corps within ACTION may be the only way to save the domestically-oriented agency. Thus, the general popularity of the Peace Corps may be used to deflect attacks on ACTION.

TITLE VI MISCELLANEOUS (included only in H.R. 3324)

SEC. 606 PROHIBITION ON ASSISTANCE TO VIETNAM, CAMBODIA, AND CUBA

A new section to Title VI, added as a Zablocki substitute to an Ashbrook (R.-Ohio) amendment, was adopted. Congressman Ashbrook proposed that no funds authorized in the Act should be used for direct or indirect aid to Vietnam, Cambodia, or Cuba, nor could any form of trade be likewise financed with these funds. Chairman Zablocki, calling any attempt to block the U.S. share of United Nations contributions to these countries through development programs (estimated U.N. 1978 contribution-$44,454,831) impractical, offered a substitute which stated that no funds authorized in the Act "shall be used for any form of aid, either by monetary payment or by the sale or transfer of any goods of any nature" to these three countries. Thus, the adopted substitute would not prohibit indirect assistance.

TITLE VII MINORITY RESOURCE CENTER (only in H.R. 3324)

Congressman Parren Mitchell (D.-Md.) successfully added a new section to the end of H.R. 3324 which authorizes the creation of a Minority Resource Center aimed at promoting equal opportunities in securing contracts, grants, and research and development projects resulting from international development assistance for "economically and socially disadvantaged business enterprises." $1,980,000 was authorized for FY 80-81 to set up the program under a Director and a five-man Advisory Committee within the proposed International Development Cooperation Agency. A similar amendment to create a Minority Business Enterprise office was introduced last year by Mitchell, but dismissed on a sustained point of order. Although required to report to both houses of Congress every six months, the agency is structured loosely enough to encourage escalation of operational funding which might, in fact, draw funds away from the actual dollars offered in grants and contracts.

CONCLUSION

When S. 588 reaches the floor, the Senate will have to examine thoroughly the complexities involved in this aid package. Several differences between the House and Senate (committee) versions will probably be discussed. One of the largest technical discrepancies is the Senate's insistence on maintaining authorization for security supporting assistance within S. 584, "The International Security Assistance Act of 1979."