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Calendar No. 41

94TH CONGRESS }
1st Session }

SENATE

REPORT
No. 94-39

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION BILL, 1975

MARCH 17 (legislative day, MARCH 12), 1975.—Ordered to be printed

Mr. INOUE, from the Committee on Appropriations,
submitted the following

REPORT together with ADDITIONAL VIEWS

[To accompany H.R. 4592]

The Committee on Appropriations, to which was referred the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, reports the same to the Senate with amendments and submits the following explanation of its recommendations.

Amounts in new budget (obligational) authority

| | |
|-----------------------------------------------|--------------------|
| Fiscal year 1974 appropriations..... | \$5, 830, 709, 000 |
| Fiscal year 1975 amended budget estimate..... | 5, 946, 460, 909 |
| Amount of bill as passed House..... | 3, 498, 420, 000 |
| Amount of bill as reported to Senate..... | 3, 864, 346, 982 |
| Bill as recommended to Senate compared to: | |
| 1974 appropriations..... | —1, 966, 362, 018 |
| Amended budget estimate..... | —2, 082, 113, 927 |
| House..... | +365, 926, 982 |

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FOREIGN ASSISTANCE AND RELATED PROGRAMS
APPROPRIATION BILL, 1975

MARCH 10, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PASSMAN, from the Committee on Appropriations,
submitted the following

REPORT

together with separate and dissenting views

[To accompany H.R. 4592]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975.

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SUMMARY OF THE BILL

| Item | New budget (obligational) authority, fiscal year 1974 | Budget estimates, fiscal year 1975 | Recommended in the bill | Bill compared with— | |
|--------------------------------------------------------|----------------------------------------------------------------|------------------------------------------|----------------------------|----------------------------------------------------------------|------------------------------------------|
| | | | | New budget (obligational) authority, fiscal year 1974 | Budget estimates, fiscal year 1975 |
| Title I—Foreign Assistance Act activities | \$2,115,050,000 | \$4,191,100,000 | \$2,462,000,000 | +\$346,950,000 | -\$1,729,100,000 |
| Title II—Foreign military credit sales | 325,000,000 | 555,000,000 | 300,000,000 | -25,000,000 | -255,000,000 |
| Title III—Foreign assist- ance (other) | 1,040,659,000 | 1,200,360,909 | 736,420,000 | -304,239,000 | -463,940,909 |
| Emergency security assist- ance and disaster relief | 2,350,000,000 | | | -2,350,000,000 | |
| Title IV—Export-Import Bank (limitation) | (7,659,180,000) | (6,413,328,000) | (6,413,328,000) | (-1,245,852,000) | |
| Total, new budget (obligational) au- thority | 5,830,709,000 | 5,946,460,909 | 3,498,420,000 | -2,332,289,000 | -2,448,040,909 |

THE BUDGET ESTIMATES

As was noted last year, the authorizing legislation made certain changes in the economic assistance titles providing for five new development assistance functional categories replacing the technical assistance, development loan and population titles of past years. Also, a new item was created called "Indochina postwar reconstruction assistance" which was previously included within the security supporting assistance program. This year, the authorizing legislation made various other changes such as establishing a "Middle East special requirements fund" within a separate Middle East section of the authorizing bill and restructuring the contingency fund into two accounts, to name only a few.

The estimates for new budget (obligational) authority for activities provided for in Title I of the bill, mostly authorized by the Foreign Assistance Act, totals \$4,191,100,000 for fiscal year 1975 or some \$2,076,050,000 above what was appropriated by Congress for the last fiscal year. A great deal of this increase can be attributed to the Middle East peace package, the Indochina assistance and the military assistance requests. In total, the estimates for new budget (obligational) authority for all the activities carried in the accompanying bill amount to \$5,946,460,909 or some \$115,751,909 above what was appropriated in fiscal year 1974.

THE BILL

The Committee recommends the appropriation of new budget (obligational) authority of \$3,498,420,000 for the programs contained in Titles I, II and III of the bill, which is \$2,448,040,909 below the budget estimates and \$2,332,289,000 below the fiscal year 1974 appropriations. The Committee recommends the approval of the total limitations of \$6,413,328,000 proposed for the activities of the Export-Import Bank contained in Title IV of the bill.

EFFECT OF COMMITTEE ACTION ON PROJECTED BUDGET EXPENDITURES
(OUTLAYS) IN FISCAL YEAR 1975

It is estimated that the action recommended by the Committee and set forth in the accompanying bill will reduce expenditures (outlays) in the amended fiscal year 1975 requests by approximately \$700,000,000.

PERMANENT OBLIGATIONAL AUTHORITY—TRUST FUNDS

In addition to the new budget (obligational) authority recommended in the accompanying bill, permanent legislation authorizes the continuation of certain Government activities without requiring action by the Congress during the annual appropriation process. These activities are estimated to total \$6,706,272,000 in fiscal year 1975, which is a decrease of \$1,030,274,000 below fiscal year 1974. Details of these activities are reflected in the appropriate table appearing at the end of this report. Almost the entire amount (\$6,700,000,000) is allocated to the Foreign Military Sales trust fund which is strictly a cash account and used to enable foreign governments to make cash purchases of defense articles from the United States.

PAYMENTS TO THE GENERAL SERVICES ADMINISTRATION

The Public Buildings Amendments of 1972 (Public Law 92-313) gave the General Services Administration authority to impose a system of charges on the various departments and agencies for space and building services, the receipts from which are to be deposited in a fund operated by GSA. Appropriation requests for this purpose reflect charges significantly in excess of the total estimated costs for expenses associated with providing space and services to the Federal agencies.

Accordingly, the Committee has included a provision in the bill which limits the payment for GSA space and services to 90 percent of the GSA billing. This 10% reduction should not result in the curtailment of services for fiscal year 1975.

STATUS OF CERTAIN AUTHORIZING LEGISLATION

All necessary authorizations have been enacted into law covering the funds recommended for appropriation in the accompanying bill.

INFLATIONARY IMPACT STATEMENT

Clause 2(1)(4), Rule XI of the House of Representatives requires that each committee report on a bill or resolution shall contain a statement as to whether enactment of such bill or resolution may have an inflationary impact on prices and costs in the operation of the national economy.

The \$3,498,420,000 included in the accompanying bill for the various foreign aid programs is to provide the annual funding levels for these programs for fiscal year 1975. As everyone knows, these foreign aid programs have been operating under a continuing resolution since June 30, 1974. Even though the annual funding levels recommended in the accompanying bill are below the annual levels appropriated in fiscal year 1974 and provided in the continuing resolution for the last

eight months of fiscal year 1975, the Committee would still have to assume there would be some inflationary impact because the accompanying bill does provide funding for the foreign aid programs.

It is a matter of conjecture whether or not any appropriation of money or any other legislative actions may or may not be inflationary. It could be said that this bill continues the foreign aid program through the end of fiscal year 1975 instead of terminating the program when the current continuing resolution expires and therefore is inflationary. However, the foreign aid programs have been operating for the past eight months of fiscal year 1975 under authority of the continuing resolution so the inflationary impact of this particular bill would be minimal even if this assumption is applied.

GENERAL STATEMENT

In making the funding recommendations contained in the accompanying bill, the Committee felt a responsibility to consider all sides of the foreign aid issues and therefore, it tried to pursue a balanced approach in recommending the various funding levels provided in the bill. The Committee was certainly aware of the current economic situation prevailing in the United States regarding inflation, increased deficit financing, and the fact that programs have had to be delayed in this country. But it was also aware that the United States has certain interests abroad, the United States must aid the cause of global peace, it has helped to maintain freedom and it must keep the doors of mutual exchange open in a world of growing interdependence.

The Committee is deeply concerned over the persistence of balance of payments deficits, balance of trade deficits, and Federal budget deficits. Inflation is running at an increased rate in the United States and our public debt continues to climb upward. In light of these facts, the Committee feels Federal expenditures must be reduced wherever reasonably possible to help dampen the effect of these activities and it has recommended a reduction in new budget (obligational) authority for activities contained in the accompanying bill of \$2,448,040,909.

The United States has made large contributions to various countries around the world. These contributions have not only taken the form of financial assistance but have involved the sacrifice of human life. Some of these contributions are used to further U.S. interests abroad, such as the maintenance of U.S. military bases, staging facilities and transit rights provided to U.S. forces. Some of them have helped in the maintenance of free world security and freedom. Part of the funds recommended in the bill are to be used to continue to further these U.S. interests abroad while at the same time preventing the necessity of greatly increasing direct U.S. involvement. In the past 30 years, every President and every Congress felt it was in the best interests of the United States to help other countries maintain their freedom by supplying U.S. assistance in the form of funds and personnel. Examples of this can be best illustrated by looking at the following listings for Korea and South Vietnam:

U.S. contributions to South Korea

| | <i>Billions</i> |
|-------------------------------------------------------------------------------|-----------------|
| Estimated Korea war costs DOD (fiscal years 1950-51)----- | \$18. 0 |
| Cost of maintaining U.S. military forces in Korea (fiscal years 1954-73)----- | 10. 3 |
| Military assistance grant aid (fiscal years 1950-74)----- | 3. 7 |
| Economic assistance programs (fiscal year 1946-73)----- | 5. 6 |
| Total ----- | 37. 6 |

U.S. military casualties in the Korean War

| | |
|--------------------------------------------------|-----------------|
| Died from hostile causes----- | 33, 629 |
| Died from nonhostile causes----- | 20, 617 |
| Total deaths ----- | 54, 246 |
| Wounded or injured, nonfatal----- | 103, 284 |
| Wounded or injured, fatal (added to deaths)----- | 2, 501 |
| Total wounded ----- | 105, 785 |
| Missing in action----- | 5, 866 |
| Captured or interned----- | 7, 140 |

U.S. contributions to South Vietnam (outlays full cost)

| | |
|------------------------------------------------------------------------------------------------|---------------|
| Estimated Vietnam war costs DOD (fiscal years 1965-74) (includes MASF program)----- | \$138. 2 |
| Economic assistance programs (fiscal years 1962-73)----- | 5. 1 |
| Military assistance programs (fiscal years 1956-66) (funded under Foreign Assistance Act)----- | 1. 5 |
| Assistance provided to Indochina under President Truman----- | 1. 3 |
| Total ----- | 146. 1 |

U.S. military casualties in connection with the Vietnam conflict (Jan. 1, 1961, through May 25, 1974)

| | |
|--------------------------------------------------|-----------------|
| Died from hostile causes----- | 46, 245 |
| Died from nonhostile causes----- | 10, 326 |
| Total deaths ----- | 56, 571 |
| Wounded or injured, nonfatal----- | 303, 654 |
| Wounded or injured, fatal (added to deaths)----- | 5, 168 |
| Total wounded ----- | 308, 822 |
| Unaccounted for----- | 1, 069 |

The people of South Vietnam have been supported over the years by every President. President Truman supported Indochina in the amount of \$1.3 billion before U.S. assistance was divided separately between the three independent countries (Laos, Cambodia and South Vietnam). President Eisenhower supported South Vietnam in the amount of \$1.5 billion, President Kennedy in the amount of \$1.5 billion, President Johnson in the amount of \$87 billion and President Nixon in the amount of \$55 billion. President Ford is supporting the aid amounts requested for South Vietnam in the fiscal year 1975 budget.

It should also be pointed out that the funds provided for security assistance have assisted in the reduction of direct U.S. involvement overseas and may make possible further reductions. The prime example of this reduction of direct U.S. involvement overseas is South Vietnam where U.S. troop levels have been reduced from a level of 543,000 troops down to zero and the cost of U.S. assistance has been decreased from a high of about \$29 billion yearly to about \$2 billion.

A large amount of the funds recommended in the accompanying bill will be used to provide assistance in the Middle East. There is no question that the United States has a vital stake in a peaceful resolution of the Arab-Israeli conflict in the Middle East. The U.S. has a concern for the security of Israel, for the necessity of improved relations with the Arab nations, for the maintenance of worldwide peace and the effects on this peace should the Middle East conflict lead to a great power confrontation and for the need of a cooperative effort to solve the energy problems of oil supply and price increases. Hopefully, the assistance recommended in the bill will contribute to a peaceful solution of the Middle East situation. Specific earmarking of funds in the bill are recommended for Israel in the following amounts: \$324,500,000 for security supporting assistance and \$300,000,000 for military credit sales of which Israel will be exempt from repaying the first \$100,000,000. In addition, \$40,000,000 is recommended to fund assistance to refugees from the Soviet Union. \$250,000,000 in security supporting assistance is also earmarked for Egypt and \$100,000,000 is recommended for the Middle East special requirements fund.

In making the funding recommendations in the accompanying bill, the Committee also considered the growing interdependence among the nations of the world. As we all know, the United States is dependent on many countries for obtaining certain materials, such as tin, nickel, cobalt, zinc, iron ore and petroleum to name a few, that are in short supply or just cannot be produced in this country. This can best be illustrated by the oil crisis that was present in this country last winter when the oil embargo was in effect. The United States is also dependent on various countries for many things other than just materials. Perhaps the assistance provided by the United States could be used to insure access to certain materials at reasonable prices and will be used to strengthen essential ties in other areas.

During the course of the hearings, the Committee received testimony about how some countries were greatly benefiting from the increased prices of certain commodities, such as oil. The Committee took note that some of these countries were scheduled to receive assistance from the United States in the form of grant aid or concessional loans. While the Committee does not entirely object to providing assistance to these particular countries, it does object to providing assistance on a grant or a concessional loan basis to any country when the country could well afford to pay cash for such assistance or at least receive the aid on a reasonable loan basis. The Committee expects the agencies to look into this overall situation with the thought in mind of upgrading some of these grants to loans and loans to cash transactions where the situation warrants such action. The possibility of using short term Export-Import Bank credits

should also be examined. The Committee expects to receive a report on the progress made in this endeavor during the hearings next year.

It has been noted that some recipients of United States foreign aid are anxious to purchase U.S. manufactured and agricultural commodities and it should be brought to their attention that the U.S. wants their business. This can be exemplified by South Korea's recent "cash" purchase of 210,000 tons of U.S. rice at a cost of \$83,000,000.

The funds recommended in the bill for the various foreign aid programs include the funds made available in the continuing resolution for these same purposes during fiscal year 1975. The present continuing resolution will cease to operate with regard to the activities funded under this bill when this bill is enacted into law. The funds provided for the various foreign aid programs by the continuing resolution thus far in fiscal year 1975 will then be charged against the applicable appropriation provided in this bill.

The Committee feels that there is sufficient justification for tightening up the system of moving cargo that is provided on a concessional basis to recipient nations of foreign aid.

Practically all cargo moving under the various aid programs moves in ships that are contracted for by what are commonly referred to as "freight brokers." The commissions paid to freight brokers are legal inasmuch as the brokers perform a necessary and vital service, and neither the donor nor the recipient pays any part of the commissions. Identical commissions are paid by all steamship companies.

The Committee discovered a few years ago that much of the cargo moving to foreign nations was priced on the basis delivered to destination and on this type of arrangement it was impossible to determine what part of the shipment represented freight and what part represented the cost of the cargo. This, in some instances, was equivalent to destroying competitive bidding on both freight and commodities. The Agency for International Development (AID) followed the recommendations of the Committee and made certain vital changes that proved advantageous to the donor and recipient.

The Committee now finds that a very large percentage of the cargo moving to recipient nations is moving under contracts handled by foreign nationals who either own or control the management of the freight brokers. Under this arrangement, many millions of dollars in commissions are paid to foreign nationals in such a way that they are not subject to U.S. income tax laws or the scrutiny necessary to obtain the tariff arrangement most advantageous to the foreign nations. On the other hand, in all probability 60% of the profits earned by American freight brokers would be paid into the U.S. Treasury in the form of income taxes.

The Committee feels it is also important that freight brokers be American firms owned and operated by Americans so that records could be properly checked to ascertain if the most advantageous tariff rates are obtained on a competitive bid basis.

It is the prerogative of foreign governments receiving aid to select the freight broker of their choice, but in many instances nations that are recipients of foreign aid have selected freight brokers owned or controlled by foreign nationals. The Committee also found that nations who are recipients of foreign aid have willingly selected American firms at a tremendous advantage to their governments, but only when these advantages were brought to their attention.

The Committee feels that all freight brokers should be American firms owned and operated by Americans and that all contracts should be scrutinized closely by the AID Agency and the Department of State.

The Committee finds economic boycotts based on race, creed, or color abhorrent to the basic tenets of our society and contrary to international standards of decency. It is therefore the Committee's intent that none of the funds appropriated under this act will be used in a manner which will further this type of illegitimate discriminatory activity.

The listings of countries and the budget proposals for economic assistance, military assistance, security supporting assistance, Indochina postwar reconstruction assistance, and military credit sales contained in the report should not be interpreted as representing the views of the Committee as to recipients and amounts. These lists merely reflect the tentative allocations proposed by the Executive Branch in the fiscal year 1975 budget presentation as can be readily recognized by comparing the totals of the various lists to the amounts recommended in the bill. Since the budget was submitted, international conditions have changed and the actual assistance to any country would be dependent upon decisions as to the best interest of the United States and also upon the final availability of funds.

EXTENT OF U.S. FOREIGN AID AND ASSISTANCE

Through June 30, 1974, it is estimated that the United States will have provided economic and military assistance, of one form or the other, amounting to a net total of \$164,065,600,000, of which \$34,499,400,000 was in the form of loans and the balance of \$129,566,200,000 was in the form of grant aid. Since we have had a surplus in the administrative budget only six times since the end of World War II, it has been estimated that an additional cost of \$105,731,600,000 in interest has been incurred to borrow the money we have given to other countries. A detailed list follows showing the amount of foreign assistance provided to each country and territory:

Total net foreign assistance to 128 nations and 8 territories of the world, fiscal year 1946 through fiscal year 1974 estimated

| | | | |
|------------------|---------------|----------------------|-----------------|
| Afghanistan..... | \$446,500,000 | Cambodia..... | \$1,704,100,000 |
| Albania..... | 20,400,000 | Cameroon..... | 49,200,000 |
| Algeria..... | 391,900,000 | Canada..... | 174,500,000 |
| Argentina..... | 354,000,000 | Central African | |
| Australia..... | 334,100,000 | Republic..... | 8,700,000 |
| Austria..... | 1,220,100,000 | Chad..... | 14,500,000 |
| Bahamas..... | 5,800,000 | Chile..... | 1,148,300,000 |
| Bangladesh..... | 518,600,000 | China, Republic of.. | 5,902,200,000 |
| Barbados..... | 1,700,000 | Colombia..... | 1,379,100,000 |
| Belgium- | | Congo (B)..... | 5,200,000 |
| Luxembourg..... | 1,734,000,000 | Costa Rica..... | 189,000,000 |
| Belize (Br. | | Cuba..... | 45,500,000 |
| Honduras)..... | 6,900,000 | Cyprus..... | 30,100,000 |
| Bermuda..... | 32,500,000 | Czechoslovakia..... | 189,500,000 |
| Bolivia..... | 640,700,000 | Dahomey..... | 15,400,000 |
| Botswana..... | 32,900,000 | Denmark..... | 916,000,000 |
| Brazil..... | 3,014,000,000 | Denmark | |
| Brunei..... | 14,400,000 | Republic..... | 509,000,000 |
| Burundi..... | 10,500,000 | Dominican | |
| Burma..... | 160,600,000 | Republic..... | 800,000 |
| | | East Germany..... | 302,400,000 |
| | | Ecuador..... | |

Total net foreign assistance to 128 nations and 8 territories of the world, fiscal year 1946 through fiscal year 1974 estimated—Continued

| | | | |
|----------------------|----------------|----------------------|-----------------|
| Egypt..... | \$750,600,000 | Ryukyu Islands..... | \$404,300,000 |
| El Salvador..... | 150,700,000 | Rwanda..... | 8,700,000 |
| Ethiopia..... | 492,800,000 | Saudi Arabia..... | 127,600,000 |
| Finland..... | —32,300,000 | Senegal..... | 11,500,000 |
| France..... | 7,246,800,000 | Seychelles..... | 500,000 |
| Gabon..... | 9,800,000 | Sierra Leone..... | 51,600,000 |
| Gambia..... | 6,500,000 | Singapore..... | 59,000,000 |
| Ghana..... | 244,400,000 | Somali Republic..... | 75,600,000 |
| Germany and | | Southern Rhodesia.. | 1,100,000 |
| Berlin..... | 3,710,400,000 | Southern Yemen..... | 2,900,000 |
| Greece..... | 4,041,300,000 | Spain..... | 2,474,100,000 |
| Guatemala..... | 341,800,000 | Sri Lanka (Ceylon).. | 210,000,000 |
| Guinea..... | 107,300,000 | Sudan..... | 138,900,000 |
| Guyana..... | 84,600,000 | Surinam..... | 7,500,000 |
| Haiti..... | 134,600,000 | Swaziland..... | 7,200,000 |
| Honduras..... | 150,800,000 | Sweden..... | 230,000,000 |
| Hong Kong and | | Switzerland..... | 61,200,000 |
| Macao..... | 47,000,000 | Syrian Arab | |
| Hungary..... | 12,900,000 | Republic..... | 56,700,000 |
| Iceland..... | 48,000,000 | Tanzania..... | 88,400,000 |
| India..... | 7,632,200,000 | Thailand..... | 1,875,400,000 |
| Indochina (Undis.).. | 1,542,500,000 | Togo..... | 23,300,000 |
| Indonesia..... | 1,930,200,000 | Trinidad and | |
| Iran..... | 2,227,700,000 | Tobago..... | 49,400,000 |
| Iraq..... | 86,500,000 | Tunisia..... | 754,200,000 |
| Ireland..... | 65,800,000 | Turkey..... | 6,326,800,000 |
| Israel..... | 4,668,700,000 | Uganda..... | 42,800,000 |
| Italy..... | 5,517,200,000 | United Kingdom..... | 6,382,700,000 |
| Ivory Coast..... | 103,100,000 | U.S.S.R..... | 1,033,400,000 |
| Jamaica..... | 139,700,000 | Upper Volta..... | 33,600,000 |
| Japan..... | 3,346,200,000 | Uruguay..... | 196,600,000 |
| Jordan..... | 1,080,200,000 | Venezuela..... | 298,200,000 |
| Kenya..... | 116,900,000 | Vietnam..... | 22,504,400,000 |
| Korea..... | 11,934,100,000 | West Indies..... | 15,100,000 |
| Kuwait..... | 8,700,000 | Western Samoa..... | 3,700,000 |
| Laos..... | 2,282,000,000 | Yemen Arab | |
| Lebanon..... | 142,800,000 | Republic..... | 50,700,000 |
| Lesotho..... | 17,200,000 | Yugoslavia..... | 2,527,800,000 |
| Liberia..... | 234,400,000 | Zaire..... | 543,900,000 |
| Libya..... | 219,600,000 | Zambia..... | 38,000,000 |
| Malagasy Republic.. | 15,700,000 | Papua and New | |
| Malawi..... | 30,400,000 | Guinea..... | 29,600,000 |
| Malaysia..... | 125,100,000 | CENTO..... | 51,100,000 |
| Mali..... | 49,700,000 | Other Oceania..... | 10,400,000 |
| Malta..... | 43,800,000 | Trust Territory of | |
| Mauritania..... | 14,200,000 | Pacific Islands.... | 526,800,000 |
| Mauritius..... | 11,300,000 | Worldwide Regional.. | 21,304,500,000 |
| Mexico..... | 459,300,000 | | |
| Morocco..... | 820,000,000 | Total net dis- | |
| Nepal..... | 203,600,000 | bursements to | |
| Netherlands..... | 2,132,600,000 | foreign nations, | |
| New Zealand..... | 56,100,000 | 1946-1974..... | 164,065,600,000 |
| Nicaragua..... | 234,500,000 | Total net interest | |
| Niger..... | 40,600,000 | paid on what we | |
| Nigeria..... | 432,100,000 | have borrowed | |
| Norway..... | 1,255,600,000 | to give away, | |
| Pakistan..... | 4,677,200,000 | 1946-1973..... | 105,731,600,000 |
| Panama..... | 342,900,000 | | |
| Paraguay..... | 150,700,000 | Grand total— | |
| Peru..... | 566,500,000 | Cost of | |
| Philippines..... | 300,600,000 | foreign | |
| Poland..... | 535,200,000 | assistance, | |
| Portugal..... | 486,900,000 | 1946-1973..... | 269,797,200,000 |
| Romania..... | 76,900,000 | | |

¹ Excludes certain Department of Defense expenditures in Korea and South Vietnam. Total may not add due to rounding.

Many programs seeking Congressional action in fiscal year 1975 which also fall under the category of foreign assistance are not included in the accompanying bill because the activities are funded by other departments and agencies and new programs have been created. In order to provide a list indicating the total foreign aid programs, the Committee has compiled a table showing the President's requests for foreign assistance authorizations and/or appropriations for fiscal year 1975, which follows:

New Requests for Authorization and/or Appropriation for Selected Programs of Foreign Assistance

| | |
|------------------------------------------------------------------------|-----------------------|
| 1. Foreign Assistance Act (includes military assistance)----- | \$2,963,100,000 |
| 2. Military Assistance (budget amendment)----- | 282,000,000 |
| 3. Indochina Postwar Reconstruction Assistance (budget amendment)----- | 150,000,000 |
| 4. Security Supporting Assistance (budget amendment)----- | 322,500,000 |
| 5. Middle East Special Requirements Fund (budget amendment)----- | 100,000,000 |
| 6. Overseas Private Investment Corporation----- | 25,000,000 |
| 7. Foreign Military Credit Sales----- | 315,000,000 |
| 8. Foreign Military Credit Sales (budget amendment)----- | 240,000,000 |
| 9. Inter-American Development Bank----- | 500,000,000 |
| 10. International Development Association----- | 320,000,000 |
| 11. Asian Development Bank----- | 50,000,000 |
| 12. Asian Development Bank (proposed)----- | 120,635,000 |
| 13. Asian Development Bank (supplemental)----- | 120,635,000 |
| 14. African Development Bank (proposed)----- | 15,000,000 |
| 15. Receipts and Recoveries from Previous Programs----- | 313,315,000 |
| 16. Military Assistance (in Defense budget)----- | 1,523,000,000 |
| 17. International Military Headquarters----- | 111,000,000 |
| 18. MAAAG's, Missions and Milgroups----- | 62,500,000 |
| 19. Permanent Military construction-Foreign Nations----- | 266,800,000 |
| 20. Export-Import Bank, Long-term Credits----- | 3,445,000,000 |
| 21. Export-Import Bank, Regular Operations----- | 958,086,000 |
| 22. Export-Import Bank, Discount Authorizations----- | 2,000,000,000 |
| 23. Peace Corps----- | 82,256,000 |
| 24. Migrants and Refugees----- | 9,470,000 |
| 25. Public Law 480 (Agricultural Commodities)----- | 778,473,000 |
| 26. Contributions to International Organizations----- | 214,079,000 |
| 27. Education (Foreign and Other Students)----- | 64,914,000 |
| 28. Trust Territories of the Pacific----- | 61,000,000 |
| 29. Latin America Highway (Darién Gap)----- | 35,000,000 |
| Total----- | 15,448,763,000 |

It is not the purpose of the Committee to condemn all foreign aid and assistance as such but it was felt that an all inclusive list should be provided indicating areas where funds are spent.

In addition to the requests for authorization and/or appropriation, there is \$27,162,092,000 of unexpended balances (the pipeline) estimated as of June 30, 1974, available from prior year appropriations. Of course, this amount represents funds that have been previously obligated. The list follows:

Estimated unexpended balances in pipeline from prior years, June 30, 1974, for selected foreign assistance programs

| | |
|----------------------------------------------------------------|-----------------------|
| 1. Foreign Assistance Act (including Military Assistance)----- | \$3,619,017,000 |
| 2. Export-Import Bank, Uncommitted Borrowing Authority-- | 3,934,323,000 |
| 3. Export-Import Bank, Long-Term Credits----- | 3,289,300,000 |
| 4. Export-Import Bank, Regular Operations----- | 2,326,700,000 |
| 5. Export-Import Bank, Export Expansion Program----- | 100,000,000 |
| 6. Inter-American Development Bank----- | 3,668,963,000 |
| 7. International Bank for Reconstruction and Development-- | 7,147,139,000 |
| 8. International Development Association----- | 922,777,000 |
| 9. Asian Development Bank----- | 213,935,000 |
| 10. Foreign Military Credit Sales Program----- | 596,625,000 |
| 11. MAAAG's Missions and Milgroups----- | 4,377,000 |
| 12. Military Assistance (in Defense Budget)----- | 461,694,000 |
| 13. International Military Headquarters----- | 7,603,000 |
| 14. Inter-American Foundation----- | 37,481,000 |
| 15. Permanent Military Construction Overseas----- | 380,100,000 |
| 16. Overseas Private Investment Corporation (OPIC)----- | 310,000,000 |
| 17. Peace Corps----- | 12,185,000 |
| 18. Contributions to International Organizations----- | 5,105,000 |
| 19. Educational Exchange----- | 32,740,000 |
| 20. Ryukyu Islands----- | 50,000 |
| 21. Migrants and Refugees----- | 28,275,000 |
| 22. Inter-American Highway----- | 28,858,000 |
| 23. Trust Territories of the Pacific Islands----- | 34,845,000 |
| Total----- | 27,162,092,000 |

REDUCTION OF MILITARY AND ECONOMIC ASSISTANCE BUDGET REQUESTS

The Congress has made substantial reductions in the foreign assistance budget requests in past years. For the past 19 year period, reductions in Title I activities have averaged around \$800,000,000 per year which is about a 21 percent reduction each year. The following table provides a comparison between past years budget requests and appropriations:

FOREIGN ASSISTANCE ACT PROGRAMS (TITLE I) REGULAR ANNUAL APPROPRIATIONS COMPARED TO THE BUDGET REQUESTS

| Fiscal year | Budget estimate | Appropriation | Reduction below estimate | Percentage below budget estimate (percent) |
|-------------------|-----------------------|-----------------------|--------------------------|--------------------------------------------|
| 1956 | \$3,266,641,750 | \$2,703,341,750 | -\$563,300,000 | 17.24 |
| 1957 | 4,859,975,000 | 3,766,570,000 | -1,093,405,000 | 22.50 |
| 1958 | 3,386,860,000 | 2,768,760,000 | -618,100,000 | 18.25 |
| 1959 | 3,950,092,500 | 3,298,092,500 | -652,000,000 | 16.51 |
| 1960 | 4,429,995,000 | 3,225,813,000 | -1,204,182,000 | 27.18 |
| 1961 | 4,275,000,000 | 3,716,350,000 | -558,650,000 | 13.07 |
| 1962 | 4,775,500,000 | 3,914,600,000 | -860,900,000 | 18.03 |
| 1963 | 4,961,300,000 | 3,928,900,000 | -1,032,400,000 | 20.81 |
| 1964 | 4,525,325,000 | 3,000,000,000 | -1,525,325,000 | 33.70 |
| 1965 | 3,516,700,000 | 3,250,000,000 | -266,700,000 | 7.58 |
| 1966 | 3,459,470,000 | 3,218,000,000 | -241,470,000 | 6.98 |
| 1967 | 3,385,962,000 | 2,936,490,500 | -449,471,500 | 13.27 |
| 1968 | 3,250,520,000 | 2,295,635,000 | -954,885,000 | 29.38 |
| 1969 | 2,920,000,000 | 1,755,600,000 | -1,164,400,000 | 39.88 |
| 1970 | 2,710,020,000 | 1,812,380,000 | -897,640,000 | 33.12 |
| 1971 | 2,200,500,000 | 1,940,185,000 | -260,315,000 | 11.83 |
| 1972 | 3,085,218,000 | 2,230,721,000 | -854,497,000 | 27.70 |
| 1973 | 3,121,593,000 | 2,229,821,000 | -891,772,000 | 28.57 |
| 1974 | 2,501,682,000 | 1,916,050,000 | -585,632,000 | 23.41 |
| Total----- | 68,582,354,250 | 53,907,309,750 | -14,675,044,500 | 21.40 |

UNITED STATES INTERNATIONAL BALANCE OF PAYMENTS

Soon after the foreign assistance program was started, the United States' international balance of payments began to experience large deficits. There have been only two surplus positions in the last 24 years and the 1971 deficit is probably the largest balance of payments deficit recorded. The following table shows the U.S. balance of payments position for the last 24 years:

| | |
|-----------------------|------------------|
| 1950 Net deficit..... | -\$1,912,000,000 |
| 1951 Net deficit..... | -578,000,000 |
| 1952 Net deficit..... | -1,100,000,000 |
| 1953 Net deficit..... | -2,100,000,000 |
| 1954 Net deficit..... | -1,500,000,000 |
| 1955 Net deficit..... | -1,100,000,000 |
| 1956 Net deficit..... | -1,000,000,000 |
| 1957 Net surplus..... | +500,000,000 |
| 1958 Net deficit..... | -3,400,000,000 |
| 1959 Net deficit..... | -3,700,000,000 |
| 1960 Net deficit..... | -3,800,000,000 |
| 1961 Net deficit..... | -2,400,000,000 |
| 1962 Net deficit..... | -2,200,000,000 |
| 1963 Net deficit..... | -2,660,000,000 |
| 1964 Net deficit..... | -3,006,000,000 |
| 1965 Net deficit..... | -1,306,000,000 |
| 1966 Net deficit..... | -2,077,000,000 |
| 1967 Net deficit..... | -3,650,000,000 |
| 1968 Net surplus..... | +93,000,000 |
| 1969 Net deficit..... | -7,208,000,000 |
| 1970 Net deficit..... | -4,715,000,000 |
| 1971 Net deficit..... | -22,002,000,000 |
| 1972 Net deficit..... | -13,909,000,000 |
| 1973 Net deficit..... | -7,900,000,000 |

Net U.S. balance-of-payments deficit (24 yrs.) 1950 through 1973..... -92,630,000,000

NUMBER OF COUNTRIES RECEIVING U.S. AID

In fiscal year 1975, it is anticipated that 100 countries and territories would receive disbursements from various foreign aid programs.

The fiscal 1975 proposed budget program indicates the following:

50 countries would receive military assistance.

5 countries would receive security supporting assistance.

3 countries would receive Indochina postwar reconstruction assistance.

70 countries would receive economic assistance.

78 countries would receive Public Law 480 assistance.

70 countries would receive Peace Corps assistance.

Some of these countries receive only one type of assistance—either economic or military aid; others may receive both economic and military aid and many may receive assistance from the various aid programs contained in Titles II, III, and IV of the accompanying bill.

TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES

| | |
|-------------------------------------|------------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$2,115,050,000 |
| Fiscal year 1975 estimate..... | ² 4,191,100,000 |
| Recommended in the bill..... | 2,462,000,000 |

¹ In addition, unobligated balances reappropriated.

² In addition, unobligated balances requested to be reappropriated.

The Committee recommends the appropriation of \$2,462,000,000 for activities mostly authorized by the Foreign Assistance Act and funded under Title I of the accompanying bill, a reduction of \$1,729,100,000 below the budget estimate but an increase of \$346,950,000 above the fiscal year 1974 appropriation.

In addition to the new budget (obligational) authority recommended in the bill for the Foreign Assistance Act activities (Title I), other funds become available during the fiscal year which can also be obligated. In fiscal year 1975, these funds are estimated to total \$313,315,000. This total consists of \$207,189,000 in receipts and reimbursements and \$106,126,000 in recoveries.

It should be noted that the total funds available to finance foreign assistance programs are not all contained in the accompanying bill because some of these programs are funded by other departments and agencies. Two programs that fit this category and come to mind immediately are the military assistance program for South Vietnam which is included in the Defense Department budget and the Public Law 480 program (agricultural commodities for foreign nations) which is included in the Department of Agriculture budget.

As mentioned earlier, the authorizing legislation last year and this year proposes certain changes in the appropriation format for several of the accounts. The appropriation structure of the accompanying bill attempts to conform to this new format.

During the hearings, the question was asked many times concerning the projected termination date of United States assistance to a particular country and in just about all cases the witnesses were unable to provide an answer. The Committee is of the opinion that the agencies involved in administering the various foreign aid programs should have developed, or certainly should be developing, the ability to project a phase out schedule for each country receiving U.S. assistance. The agencies should have some basic plan for each country involved in the U.S. assistance program whereby a termination target date is estimated. The Committee feels the agencies should pursue this matter and it will discuss the progress made in this effort next year.

The Committee is concerned over the fact that U.S. foreign aid funds are scheduled to be used to purchase petroleum products and fertilizers for other countries when there is a shortage of these commodities in this country. The Committee understands that developing countries are in need of these scarce commodities and if they are not forthcoming the results could be starvation for some of their people. Much has been said about the United States being unable to be the world food supplier and it therefore seems the U.S. must provide some of these commodities in order for the developing countries to become self sufficient over a period of time. In order to arrive at some sort of compromise, the Committee does direct the U.S. agencies to purchase these scarce commodities for foreign countries at periods when their purchase would not compete directly with U.S. markets. Further, concerning fertilizer purchases for foreign nations, these procurements should be made when demands are low in the United States and they should be made offshore and not from nations where the United States imports fertilizer when possible.

It should be pointed out that if the Agency for International Development (AID) purchases the planned 700,000 tons of fertilizer in fiscal year 1975, it will represent less than 1/2 of one percent of the

fertilizer available in the U.S., which is less than the industry-accepted percentage for annual spillage and loss. It is also interesting to note that 97.2 percent of annual U.S. fertilizer exports are not financed by A.I.D.

ECONOMIC ASSISTANCE

| | |
|-------------------------------------|-----------------|
| Fiscal year 1974 appropriation..... | \$1,028,550,000 |
| Fiscal year 1975 estimate..... | 1,259,300,000 |
| Recommended in the bill..... | 772,000,000 |

The Committee recommends an appropriation of \$772,000,000, a reduction of \$487,300,000 below the budget estimate and a reduction of \$256,550,000 below the fiscal year 1974 appropriation.

The authorizing legislation, in effect, repealed section 203 of the Foreign Assistance Act of 1961, as amended, effective July 1, 1975. This section authorized the availability of loan repayments to be used to finance development assistance in addition to funds appropriated during the fiscal year. Since the loan repayments represent the largest portion of the reflows available each year and this source of funds is going to be terminated at the end of fiscal year 1975, the Committee suggests that beginning with the fiscal year 1976 budget or the fiscal year 1977 budget, programs for foreign assistance be presented on a new obligational authority basis.

DEVELOPMENT ASSISTANCE

| | |
|-------------------------------------|---------------|
| Fiscal year 1974 appropriation..... | \$585,000,000 |
| Fiscal year 1975 estimate..... | 873,300,000 |
| Recommended in the bill..... | 498,000,000 |

The Committee recommends an appropriation of \$498,000,000, a reduction of \$375,300,000 below the budget estimate and a reduction of \$87,000,000 below the fiscal year 1974 appropriation.

The budget proposed a total fiscal 1975 program of \$1,130,015,000 for the five development assistance categories consisting of \$873,300,000 in new appropriations and \$256,715,000 in transfers, receipts, reimbursements and recoveries. Of this total proposed budget program, loans would make up \$677,130,000 of the amount and grants would make up the remainder of \$452,885,000.

Development loans are repaid to the United States in dollars with interest. The loans generally are made at the lowest concessional rate permitted by law: 2 percent during a 10-year principal grace period and 3 percent during the following 30-year principal repayment period. In the early 1960s, the interest rate was three-fourths of one percent for the life of the loan; this was gradually increased to the current rate.

In order to clarify certain language contained in the bill with respect to the development assistance categories, the Committee would like to state that any unobligated balances or carryovers in the development loan accounts, the technical assistance accounts and the population account may be used under the appropriate authority for any of the development assistance sectors. However, the Committee wishes to make it clear that any loan repayments, loan re-obligations or any other loan carryovers should be used only to make additional loans. Also, funds appropriated for the general purpose of Development Assistance, if deobligated or carried forward, may be obligated for any Development Assistance purpose.

The Committee has also included a paragraph in the accompanying bill which would allow that not less than \$175,000,000 shall be available for loans out of the total of \$498,000,000 recommended in new obligational authority for appropriation for development assistance by the Committee. It should be pointed out that the balance of \$323,000,000 will not all be used for grant programs because approximately \$130,000,000 of this amount will be used to finance operating expenses.

The Committee recommendations by each individual development assistance sector follow:

FOOD AND NUTRITION, DEVELOPMENT ASSISTANCE

| | |
|-------------------------------------|---------------|
| Fiscal year 1974 appropriation..... | \$284,000,000 |
| Fiscal year 1975 estimate..... | 546,300,000 |
| Recommended in the bill..... | 234,000,000 |

The Committee recommends an appropriation of \$234,000,000, a reduction of \$312,300,000 below the budget estimate and a reduction of \$50,000,000 below the fiscal year 1974 appropriation.

The proposed fiscal year 1975 budget program of \$675,034,000 consists of \$546,300,000 in new obligational authority and \$128,734,000 in receipts, reimbursements and recoveries. The detail of the proposed fiscal year 1975 budget program follows:

| | Proposed fiscal year 1975 program | | |
|----------------------------------------------|-----------------------------------|-------------------|--------------------|
| | Total | Grants | Loans |
| Grand total..... | \$675,034,000 | | |
| Operating expenses..... | 60,921,000 | | |
| Total program..... | 614,113,000 | \$93,998,000 | \$520,115,000 |
| Africa, total..... | 113,496,000 | 36,996,000 | 76,500,000 |
| Ethiopia..... | 19,306,000 | 2,306,000 | 17,000,000 |
| Ghana..... | 11,000,000 | 1,000,000 | 10,000,000 |
| Kenya..... | 6,873,000 | 1,873,000 | 5,000,000 |
| Liberia..... | 4,626,000 | 626,000 | 4,000,000 |
| Morocco..... | 14,460,000 | 1,460,000 | 13,000,000 |
| Nigeria..... | 1,394,000 | 1,394,000 | |
| Rwanda..... | 2,500,000 | | 2,500,000 |
| Sudan..... | 700,000 | 700,000 | |
| Tanzania..... | 10,079,000 | 3,079,000 | 7,000,000 |
| Tunisia..... | 4,787,000 | 1,787,000 | 3,000,000 |
| Zaire..... | 5,403,000 | 403,000 | 5,000,000 |
| Central West regional..... | 21,868,000 | 16,868,000 | 5,000,000 |
| East Africa regional..... | 610,000 | 610,000 | |
| South regional..... | 7,935,000 | 2,935,000 | 5,000,000 |
| Africa regional..... | 1,955,000 | 1,955,000 | |
| Self-Help (included in Africa regional)..... | (750,000) | (750,000) | |
| Asia, total..... | 344,295,000 | 16,920,000 | 327,375,000 |
| Afghanistan..... | 9,090,000 | 1,090,000 | 8,000,000 |
| Bangladesh..... | 62,100,000 | 2,100,000 | 60,000,000 |
| India..... | 75,500,000 | 500,000 | 75,000,000 |
| Indonesia..... | 52,810,000 | 2,810,000 | 50,000,000 |
| Korea..... | 19,298,000 | 298,000 | 19,000,000 |
| Nepal..... | 2,352,000 | 952,000 | 1,400,000 |
| Pakistan..... | 56,348,000 | 1,348,000 | 55,000,000 |
| Philippines..... | 38,084,000 | 3,609,000 | 34,475,000 |
| Sri Lanka (Ceylon)..... | 8,000,000 | | 8,000,000 |
| Thailand..... | 2,395,000 | 2,395,000 | |
| Turkey..... | 17,207,000 | 707,000 | 16,500,000 |
| Yemen Arab Republic..... | 300,000 | 300,000 | |
| Asia regional..... | 811,000 | 811,000 | |
| Latin America, total..... | 128,150,000 | 12,150,000 | 116,000,000 |
| Bolivia..... | 8,839,000 | 839,000 | 8,000,000 |
| Brazil..... | 300,000 | 300,000 | |
| Chile..... | 25,800,000 | 800,000 | 25,000,000 |

See footnote at end of table p. 16.

| | Proposed fiscal year 1975 program | | |
|-----------------------------------------------------------|-----------------------------------|------------|------------|
| | Total | Grants | Loans |
| Colombia..... | 5,258,000 | 258,000 | 5,000,000 |
| Costa Rica..... | 309,000 | 309,000 | ----- |
| Dominican Republic..... | 155,000 | 155,000 | ----- |
| Ecuador..... | 649,000 | 649,000 | ----- |
| El Salvador..... | 7,115,000 | 615,000 | 6,500,000 |
| Guatemala..... | 15,401,000 | 901,000 | 14,500,000 |
| Guyana..... | 3,500,000 | ----- | 3,500,000 |
| Haiti..... | 6,504,000 | 1,504,000 | 5,000,000 |
| Honduras..... | 12,100,000 | 600,000 | 11,500,000 |
| Jamaica..... | 8,000,000 | ----- | 8,000,000 |
| Nicaragua..... | 220,000 | 220,000 | ----- |
| Panama..... | 11,465,000 | 465,000 | 11,000,000 |
| Paraguay..... | 3,535,000 | 1,035,000 | 2,500,000 |
| Peru..... | 11,997,000 | 997,000 | 11,000,000 |
| Uruguay..... | 449,000 | 449,000 | ----- |
| ROCAP..... | 500,000 | 500,000 | ----- |
| Latin America regional..... | 6,054,000 | 1,554,000 | 4,500,000 |
| Supporting assistance, total..... | 980,000 | 980,000 | ----- |
| Jordan..... | 380,000 | 380,000 | ----- |
| East Asia regional..... | 600,000 | 600,000 | ----- |
| Worldwide technical assistance and research programs..... | 26,952,000 | 26,952,000 | ----- |
| Inspector general of foreign assistance..... | 240,000 | ----- | 240,000 |

¹ Part of a multidonor loan project.

According to the justifications, the Agency for International Development's (A.I.D.) efforts to help increase food output are increasingly aimed at access by small farmers to production inputs, markets, finance, and improved technology.

A.I.D.'s program is also aimed at helping to resolve the world food problem by increasing output per acre, especially on the several hundred million small farms of the developing world, through labor-intensive agriculture. This program supports six broad purposes of development:

- Strengthening local institutions to involve the poorest majority in development;
- Increasing and diversifying agricultural production;
- Integrating agricultural, industrial, and commercial development so that advance in one spurs the others;
- Improving nutrition;
- Localizing infrastructure so that the poorest majority have access to roads, better land, electricity, water and other utilities; and
- Increasing employment and improving income distribution.

POPULATION PLANNING AND HEALTH, DEVELOPMENT ASSISTANCE

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$135,000,000 |
| Fiscal year 1975 estimate..... | 145,000,000 |
| Recommended in the bill..... | ² 115,000,000 |

¹ Placed a limitation of \$112,500,000 on the funds which could be used for population programs.

² Includes a limitation of \$100,000,000 to be used for population programs.

The Committee recommends an appropriation of \$115,000,000, a reduction of \$30,000,000 below the budget estimate and a reduction of \$20,000,000 below the fiscal year 1974 appropriation.

The proposed fiscal year 1975 budget program of \$225,768,000 consists of \$145,000,000 in new obligational authority and \$80,768,000 in receipts, reimbursements and recoveries. The detail of the proposed fiscal year 1975 budget program follows:

| | Proposed fiscal year 1975 program | | |
|-----------------------------------------------------------|-----------------------------------|---------------|--------------|
| | Total | Grants | Loans |
| Grand total..... | \$225,768,000 | ----- | ----- |
| Operating expenses..... | 20,379,000 | ----- | ----- |
| Total program..... | 205,389,000 | \$137,549,000 | \$67,840,000 |
| Africa, total..... | 19,481,000 | 15,481,000 | 4,000,000 |
| Ethiopia..... | 4,300,000 | 300,000 | 4,000,000 |
| Ghana..... | 1,902,000 | 1,902,000 | ----- |
| Kenya..... | 500,000 | 500,000 | ----- |
| Liberia..... | 1,616,000 | 1,616,000 | ----- |
| Morocco..... | 750,000 | 750,000 | ----- |
| Nigeria..... | 700,000 | 700,000 | ----- |
| Sudan..... | 150,000 | 150,000 | ----- |
| Tanzania..... | 580,000 | 580,000 | ----- |
| Tunisia..... | 925,000 | 925,000 | ----- |
| Zaire..... | 601,000 | 601,000 | ----- |
| Southern Africa regional..... | 318,000 | 318,000 | ----- |
| Central West Africa regional..... | 3,704,000 | 3,704,000 | ----- |
| Africa regional..... | 3,435,000 | 3,435,000 | ----- |
| Self-help (included in Africa regional)..... | (300) | (300) | ----- |
| Asia, total..... | 74,321,000 | 32,721,000 | 41,600,000 |
| Afghanistan..... | 1,900,000 | 1,900,000 | ----- |
| Bangladesh..... | 2,650,000 | 2,650,000 | ----- |
| Indonesia..... | 17,600,000 | 7,600,000 | 10,000,000 |
| Korea..... | 500,000 | 500,000 | ----- |
| Nepal..... | 3,001,000 | 1,401,000 | 1,600,000 |
| Pakistan..... | 20,000,000 | 5,000,000 | 15,000,000 |
| Philippines..... | 11,710,000 | 6,710,000 | 5,000,000 |
| Thailand..... | 2,750,000 | 2,750,000 | ----- |
| Turkey..... | 1,585,000 | 1,585,000 | ----- |
| Yemen Arab Republic..... | 10,475,000 | 475,000 | 10,000,000 |
| Regional..... | 2,150,000 | 2,150,000 | ----- |
| Latin America, total..... | 33,361,000 | 11,361,000 | 22,000,000 |
| Bolivia..... | 6,550,000 | 550,000 | 6,000,000 |
| Colombia..... | 1,050,000 | 1,050,000 | ----- |
| Costa Rica..... | 525,000 | 525,000 | ----- |
| Dominican Republic..... | 5,151,000 | 151,000 | 5,000,000 |
| Ecuador..... | 600,000 | 600,000 | ----- |
| El Salvador..... | 600,000 | 600,000 | ----- |
| Guatemala..... | 600,000 | 600,000 | ----- |
| Haiti..... | 1,600,000 | 1,600,000 | ----- |
| Honduras..... | 5,840,000 | 840,000 | 5,000,000 |
| Jamaica..... | 400,000 | 400,000 | ----- |
| Nicaragua..... | 6,525,000 | 525,000 | 6,000,000 |
| Panama..... | 550,000 | 550,000 | ----- |
| Paraguay..... | 502,000 | 502,000 | ----- |
| Peru..... | 100,000 | 100,000 | ----- |
| Regional..... | 2,768,000 | 2,768,000 | ----- |
| Supporting assistance, total..... | 1,865,000 | 1,865,000 | ----- |
| Vietnam..... | 1,000,000 | 1,000,000 | ----- |
| Laos..... | 800,000 | 800,000 | ----- |
| East Asia regional..... | 65,000 | 65,000 | ----- |
| Interregional population program, total..... | 50,412,000 | 50,412,000 | ----- |
| Demographic analysis and evaluation..... | 6,100,000 | 6,100,000 | ----- |
| Population policy development..... | 1,250,000 | 1,250,000 | ----- |
| Research..... | 4,685,000 | 4,685,000 | ----- |
| Family planning services..... | 30,153,000 | 30,153,000 | ----- |
| Information, education, and communication..... | 1,750,000 | 1,750,000 | ----- |
| Manpower and institutions..... | 6,474,000 | 6,474,000 | ----- |
| Worldwide technical assistance and research programs..... | 5,127,000 | 5,127,000 | ----- |
| Program and management services..... | 582,000 | 582,000 | ----- |
| Inspector general of foreign assistance..... | 240,000 | ----- | 240,000 |
| United Nations Fund for Population Activities..... | 20,000,000 | 20,000,000 | ----- |

The Agency indicates that the common problem of population and other health programs is to develop low-cost delivery systems through which the large rural majority can be reached.

To reach the rural hinterlands, A.I.D. is increasingly supporting the development of low-cost integrated family planning-health-nutrition delivery systems and a combination of research, professional training, and planning activities needed to support and strengthen these low-cost integrated systems.

The health program will concentrate on new approaches to reach the majority of rural and urban poor. These include low-cost clinics and the use of existing patterns of manpower such as traditional midwives, village volunteers, religious leaders, and indigenous practitioners. Such systems will be organized not only for population services, but also for health, nutrition, and environmental sanitation services.

The Committee is keenly aware of the present situation regarding the plight of millions of people due to the lack of adequate food supplies and it is also aware of the dangers of unrestrained population growth on these scarce food supplies and the effect on the world economy. However, it was recently estimated by the Agency that undisbursed funds for the population program would amount to \$203 million as of June 30, 1974. It was also estimated that \$5,000,000 would become available during fiscal year 1975 from deobligations from other projects. In addition, the Agency indicates that \$91,952 was unobligated as of June 30, 1974.

In light of these sources of funds on hand, the Committee feels the amount recommended in the accompanying bill is sufficient to meet the needs of the population program in fiscal year 1975. For this reason, a proviso has been included in the bill which would limit the funds to be allocated to the population program in fiscal 1975 to the amount recommended in the proviso only. This proviso will also eliminate any requirement to carry over unprogrammed funds from one fiscal year into the next for the purpose of funding the population program in compliance with certain existing legislation. The Committee believes AID should not be forced to obligate a specific amount for population activities each year but that funds should be obligated only against projects that have been properly justified and where a specific need has been identified.

The Committee thinks that family planning and population control programs may best be handled through an increased effort in the institutional approach utilizing capable non-profit organizations and institutions. This concept has already been embraced to some degree by the Agency for International Development when they reduced their direct hire personnel performing technical assistance functions and relied more on contract hire personnel who are associated with organizations employing qualified people and maintaining the proper facilities to handle a particular job.

Further, it is the consensus of the Committee that the population control program can only be successful if the problem is attacked through an educational process aimed at the family level. The Committee feels a great deal of money has been wasted on the purchase and distribution of contraceptives due to the lack of education directed to the recipients on the need for family planning and population control.

EDUCATION AND HUMAN RESOURCES DEVELOPMENT, DEVELOPMENT ASSISTANCE

| | |
|-------------------------------------|--------------|
| Fiscal year 1974 appropriation----- | \$89,000,000 |
| Fiscal year 1975 estimate----- | 90,000,000 |
| Recommended in the bill----- | 82,000,000 |

The Committee recommends an appropriation of \$82,000,000, a reduction of \$8,000,000 below the budget estimate and a reduction of \$7,000,000 below the fiscal year 1974 appropriation.

The proposed fiscal year 1975 budget program of \$109,474,000 consists of \$90,000,000 in new obligational authority and \$19,474,000 in receipts, reimbursements and recoveries. The detail of the proposed fiscal year 1975 budget program follows:

| | Proposed fiscal year 1975 program | | |
|-----------------------------------------------------------|-----------------------------------|--------------|--------------|
| | Total | Grants | Loans |
| Grand total----- | \$109,474,000 | | |
| Operating expenses----- | 9,884,000 | | |
| Total program----- | 99,590,000 | \$60,350,000 | \$39,240,000 |
| Africa, total----- | 16,416,000 | 16,416,000 | |
| Ethiopia----- | 1,431,000 | 1,431,000 | |
| Ghana----- | 744,000 | 744,000 | |
| Kenya----- | 120,000 | 120,000 | |
| Liberia----- | 964,000 | 964,000 | |
| Nigeria----- | 1,588,000 | 1,588,000 | |
| Tunisia----- | 97,000 | 97,000 | |
| Zaire----- | 9,000 | 9,000 | |
| Southern Africa regional----- | 1,870,000 | 1,870,000 | |
| Central West Africa regional----- | 290,000 | 290,000 | |
| East Africa regional----- | 953,000 | 953,000 | |
| Africa regional----- | 8,350,000 | 8,350,000 | |
| Self-help (included in Africa regional)----- | (750) | (750) | |
| Asia, total----- | 18,780,000 | 13,280,000 | 5,500,000 |
| Afghanistan----- | 3,160,000 | 3,160,000 | |
| Bangladesh----- | 470,000 | 470,000 | |
| Indonesia----- | 1,050,000 | 1,050,000 | |
| Korea----- | 378,000 | 378,000 | |
| Nepal----- | 368,000 | 368,000 | |
| Pakistan----- | 2,397,000 | 397,000 | 2,000,000 |
| Philippines----- | 50,000 | 50,000 | |
| Thailand----- | 860,000 | 860,000 | |
| Turkey----- | 4,272,000 | 772,000 | 3,500,000 |
| Yemen Arab Republic----- | 305,000 | | |
| Asia regional----- | 5,470,000 | 5,470,000 | |
| Latin America, total----- | 53,000,000 | 19,500,000 | 33,500,000 |
| Bolivia----- | 6,800,000 | 800,000 | 6,000,000 |
| Brazil----- | 2,250,000 | 2,250,000 | |
| Chile----- | 100,000 | 100,000 | |
| Colombia----- | 10,000,000 | | 10,000,000 |
| Dominican Republic----- | 100,000 | 100,000 | |
| Ecuador----- | 751,000 | 751,000 | |
| El Salvador----- | 3,664,000 | 164,000 | 3,500,000 |
| Guatemala----- | 1,039,000 | 1,039,000 | |
| Honduras----- | 413,000 | 413,000 | |
| Panama----- | 9,295,000 | 295,000 | 9,000,000 |
| Paraguay----- | 669,000 | 669,000 | |
| Peru----- | 977,000 | | |
| Uruguay----- | 301,000 | 301,000 | |
| Latin America regional----- | 11,266,000 | 11,266,000 | |
| Eastern Caribbean regional----- | 5,000,000 | | 5,000,000 |
| ROCAP----- | 375,000 | 375,000 | |
| Supporting assistance, total----- | 4,405,000 | 4,405,000 | |
| Jordan----- | 295,000 | 295,000 | |
| East Asia regional----- | 4,110,000 | 4,110,000 | |
| Worldwide technical assistance and research programs----- | 2,914,000 | 2,914,000 | |
| Program and management services----- | 1,769,000 | 1,769,000 | |
| Inspector general of foreign assistance----- | 240,000 | | 240,000 |
| Office of Labor Affairs----- | 566,000 | 566,000 | |
| Office of Public Safety, training----- | 1,500,000 | 1,500,000 | |

According to the justifications, A.I.D. is searching for ways of reaching millions of people who are not being reached through the formal school system. There is increasing emphasis on non-formal education and on more flexible use of ongoing programs in education planning and technology.

While A.I.D. expects to support nonformal education as individual country circumstances permit, the Agency will continue projects affecting other elements of this sector. These include economical educational financing, capitalizing on technological possibilities such as TV and radio, better and more relevant textbooks and curriculums and improved administration. Progress in these activities benefits both formal and nonformal education.

Work with institutions of higher education in the developing world is becoming less important in the A.I.D. program than in the past. A.I.D. is focusing more and more on improving the capacity of selected institutions to work on development problems in their own communities and countries.

SELECTED DEVELOPMENT PROBLEMS, DEVELOPMENT ASSISTANCE

| | |
|-------------------------------------|--------------|
| Fiscal year 1974 appropriation..... | \$40,500,000 |
| Fiscal year 1975 estimate..... | 53,000,000 |
| Recommended in the bill..... | 37,000,000 |

The Committee recommends an appropriation of \$37,000,000, a reduction of \$16,000,000 below the budget estimate and a decrease of \$3,500,000 below the fiscal year 1974 appropriation.

The proposed fiscal year 1975 budget program of \$62,650,000 consists of \$53,000,000 in new obligational authority and \$9,650,000 in receipts, reimbursements and recoveries. The details of the proposed fiscal year 1975 budget program follows:

| | Proposed fiscal year 1975 program | | |
|--------------------------------------------------|-----------------------------------|------------------|------------------|
| | Total | Grants | Loans |
| Grand total..... | \$62,650,000 | | |
| Operating expenses..... | 5,665,000 | | |
| Total program..... | 56,985,000 | \$17,245,000 | \$39,740,000 |
| Africa, total..... | 7,424,000 | 1,424,000 | 6,000,000 |
| Ghana: Science research for development..... | 100,000 | 100,000 | |
| Central west Africa regional..... | 934,000 | 934,000 | |
| Regional road maintenance..... | 539,000 | 539,000 | |
| Entente African enterprises..... | 395,000 | 395,000 | |
| Africa regional..... | 6,390,000 | 390,000 | 6,000,000 |
| Amendment to Tanzam Road loan..... | 6,000,000 | | 6,000,000 |
| Feasibility studies..... | 340,000 | 340,000 | |
| Regional program support..... | 50,000 | 50,000 | |
| Asia, total..... | 5,833,000 | 833,000 | 5,000,000 |
| Afghanistan: Industrial development..... | 317,000 | 317,000 | |
| Korea: Industrial standards development..... | 5,000,000 | | 5,000,000 |
| Yemen Arab Republic: prefeasibility studies..... | 416,000 | 416,000 | |
| Regional: Project development..... | 100,000 | 100,000 | |

| | Proposed fiscal year 1975 program | | |
|-----------------------------------------------------------------|-----------------------------------|------------------|-------------------|
| | Total | Grants | Loans |
| Latin America, total..... | 35,300,000 | 6,800,000 | 28,500,000 |
| Bolivia: Special development activities..... | 50,000 | 50,000 | |
| Brazil: Development planning and administration..... | 250,000 | 250,000 | |
| Chile: Special development activities..... | 135,000 | 135,000 | |
| Colombia: | 5,600,000 | 600,000 | 5,000,000 |
| Special development activities..... | 50,000 | 50,000 | |
| Block technical assistance grant..... | 550,000 | 550,000 | |
| Science and technology..... | 5,000,000 | | 5,000,000 |
| Dominican Republic: Special development activities..... | 50,000 | 50,000 | |
| Ecuador: Special development activities..... | 50,000 | 50,000 | |
| El Salvador..... | 182,000 | 182,000 | |
| Special development activities..... | 50,000 | 50,000 | |
| Development administration..... | 132,000 | 132,000 | |
| Guatemala: Special development activities..... | 50,000 | 50,000 | |
| Guyana: Special development activities..... | 50,000 | 50,000 | |
| Haiti: Special development activities..... | 75,000 | 75,000 | |
| Honduras..... | 3,685,000 | 185,000 | 3,500,000 |
| Special development activities..... | 50,000 | 50,000 | |
| Export promotion and tourism..... | 135,000 | 135,000 | |
| Savings and loan..... | 3,500,000 | | 3,500,000 |
| Jamaica: Special Development activities..... | 50,000 | 50,000 | |
| Nicaragua..... | 21,081,000 | 1,081,000 | |
| Special development activities..... | 50,000 | 50,000 | |
| Program development and implementation..... | 1,000,000 | 1,000,000 | |
| Center for earthquake and hazard reduction..... | 31,000 | 31,000 | |
| Schools, hospitals, and other infrastructure..... | 20,000,000 | | 20,000,000 |
| Panama: Special development activities..... | 50,000 | 50,000 | |
| Paraguay: Special development activities..... | 50,000 | 50,000 | |
| Peru..... | 415,000 | 415,000 | |
| Special development activities..... | 25,000 | 25,000 | |
| Housing and urban development..... | 390,000 | 390,000 | |
| Uruguay: Special development activities..... | 25,000 | 25,000 | |
| Central America regional program (ROCAP)..... | 759,000 | 759,000 | |
| Special development activities, Belize..... | 15,000 | 15,000 | |
| Export institutional development..... | 519,000 | 519,000 | |
| Regional tourism expansion..... | 100,000 | 100,000 | |
| Housing technical assistance..... | 125,000 | 125,000 | |
| Caribbean regional: Regional economic development..... | 500,000 | 500,000 | |
| Latin America regional..... | 2,193,000 | 2,193,000 | |
| Consultants and seminars..... | 350,000 | 350,000 | |
| Cooperative housing..... | 260,000 | 200,000 | |
| Regional economic integration..... | 200,000 | 200,000 | |
| Regional technical support..... | 593,000 | 593,000 | |
| National Association of the Partners of the Alliance..... | 500,000 | 500,000 | |
| National Employment and policy planning..... | 150,000 | 150,000 | |
| Development data survey..... | 200,000 | 200,000 | |
| Worldwide technical assistance and research programs..... | 8,020,000 | 8,020,000 | |
| Urban development..... | 574,000 | 574,000 | |
| Science and technical institute development..... | 1,905,000 | 1,905,000 | |
| Natural resources assessment and management..... | 885,000 | 885,000 | |
| Reducing public investment costs..... | 655,000 | 655,000 | |
| Social and economic research and development..... | 960,000 | 960,000 | |
| Title IX program..... | 535,000 | 535,000 | |
| Other worldwide technical assistance and research programs..... | 2,506,000 | 2,506,000 | |
| Inspector general of foreign assistance..... | 240,000 | | 240,000 |
| Program and management services..... | 168,000 | | 168,000 |

The Agency indicates this appropriation covers A.I.D. activities in industry, urban development, and science and technology which are in addition to those discussed under Food, Rural Development and Nutrition; projects which A.I.D. supports in the context of international consultative groups but which lie outside the three sectors;

and occasional high priority activities not elsewhere included, such as export promotion and tourism.

The Committee has earmarked not more than \$250,000 for the National Association of the Partners of the Alliance for fiscal year 1975 from the funds appropriated under this category.

SELECTED COUNTRIES AND ORGANIZATIONS, DEVELOPMENT ASSISTANCE

| | |
|-------------------------------------|--------------|
| Fiscal year 1974 appropriation..... | \$36,500,000 |
| Fiscal year 1975 estimate..... | 39,000,000 |
| Recommended in the bill..... | 30,000,000 |

The Committee recommends an appropriation of \$30,000,000, a reduction of \$9,000,000 below the budget estimate and a decrease of \$6,500,000 below the fiscal year 1974 appropriation.

The proposed fiscal year 1975 budget program of \$57,089,000 consists of \$39,000,000 in new obligational authority and \$18,089,000 in transfers, receipts, reimbursements and recoveries. The details of the proposed fiscal year 1975 budget program follow:

| | Proposed fiscal year 1975 program | | |
|---------------------------------------------------------------------|-----------------------------------|--------------|--------------|
| | Total | Grants | Loans |
| Grand total..... | \$57,089,000 | | |
| Operating expenses..... | 5,151,000 | | |
| Total program..... | 51,938,000 | \$41,743,000 | \$10,195,000 |
| Africa, total..... | 12,175,000 | 2,175,000 | 10,000,000 |
| Sudan: Program loan..... | 10,000,000 | | 10,000,000 |
| Central West Africa Regional: Support to regional organization..... | 78,000 | 78,000 | |
| Africa regional..... | 2,097,000 | 2,097,000 | |
| African Development Bank..... | 1,000,000 | 1,000,000 | |
| Economic Commission for Africa (ECA)..... | 800,000 | 800,000 | |
| Regional organizations development..... | 297,000 | 297,000 | |
| Asia, total: Regional: Support of CENTO..... | 500,000 | 500,000 | |
| Latin America, total Inter-American organizations..... | 17,650,000 | 17,650,000 | |
| Special development activities fund (SDAF)..... | 5,980,000 | 5,980,000 | |
| Inter-American Export Promotion Center..... | 770,000 | 770,000 | |
| Special Multilateral Fund..... | 10,900,000 | 10,900,000 | |
| Supporting assistance bureau, total East Asia regional..... | 1,045,000 | 1,045,000 | |
| Southeast Asia development group..... | 950,000 | 950,000 | |
| Regional Technical Advisory Service..... | 95,000 | 95,000 | |
| Private and voluntary cooperation, total..... | 120,373,000 | 120,373,000 | |
| Development program grants..... | 5,000,000 | 5,000,000 | |
| Ocean freight..... | 4,750,000 | 4,750,000 | |
| International Executive Service Corps..... | 4,300,000 | 4,300,000 | |
| The Asia Foundation..... | 3,750,000 | 3,750,000 | |
| Other..... | 2,573,000 | 2,573,000 | |
| Foreign disaster relief coordination..... | (460,000) | (460,000) | |
| Inspector General of foreign assistance..... | 195,000 | | 195,000 |

¹ Includes certain disaster preparedness activities.

This is the funding category through which A.I.D. supports private and voluntary organizations. These organizations include the 92 registered voluntary agencies, U.S. cooperatives, the International Executive Service Corps, Volunteers for Industrial Technical Service, International Eye Foundation, International Voluntary Service, Technoserve, the Heifer Project and others. Also included are certain international organizations and consortium-related program loans.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

| | |
|-------------------------------------|---------------|
| Fiscal year 1974 appropriation..... | \$125,000,000 |
| Fiscal year 1975 estimate..... | 153,900,000 |
| Recommended in the bill..... | 115,000,000 |

The Committee recommends an appropriation of \$115,000,000, a reduction of \$38,900,000 below the budget estimate and a decrease of \$10,000,000 below the fiscal year 1974 appropriation.

Included in the fiscal year 1975 request, are the following programs and proposed amounts:

| Item: | Proposed fiscal year 1975 program |
|---------------------------------------------------------------------|-----------------------------------|
| U.N. Development Program..... | \$110,047,000 |
| U.N. Children's Fund..... | 15,000,000 |
| International Atomic Energy Agency—Operational Fund..... | 2,000,000 |
| World Meteorological Organization—Voluntary Assistance Program..... | 1,500,000 |
| U.N. Food and Agriculture Organization—World Food Program..... | 1,500,000 |
| U.N. Institute for Training and Research..... | 400,000 |
| International Secretariat for Volunteer Service..... | 60,000 |
| U.N. Relief and Works Agency..... | 23,200,000 |
| U.N. Fund for Namibia..... | 50,000 |
| World Heritage Trust Fund..... | 143,000 |
| Total, fiscal year 1975 proposed program..... | 153,900,000 |

As the Committee has stated each year, the same degree of detailed examination into programs funded by multilateral organizations is not available to the Committee as is the case with the bilateral foreign aid programs which results in the loss of a certain amount of control over U.S. taxpayer's funds when contributions are made to these multilateral institutions. The Committee is even denied the opportunity to examine the actual administrators of these multilateral programs which increases this loss of control over U.S. taxpayer's dollars.

The Committee feels that the operation of the U.N. Development Program (UNDP) could be improved further and control over its expenditures could be stronger. It was estimated that the UNDP spends about 20 percent of its total program to cover administrative and overhead expenses which compares to about 8 percent for the Agency for International Development. It was also discovered that projects were funded by the UNDP in countries that would not be classified as "needy" nations. It was further noted that the UNDP's program level in 1973 was \$341 million and it was estimated to increase to \$368 million in 1974 and to \$442 million in 1975. The Committee was not only "impressed" by this increase but it was equally "impressed" by the fact that as of the end of 1973 there were 6,905 projects in various stages of execution. It appears the UNDP has an enormous operation underway and the Committee questions whether they have the ability to properly administer this increased operation.

During the course of the hearings, the Committee was informed that the administration proposed to take \$20 million from the fiscal year 1975 appropriation in order to make the contribution for calendar year 1974 at the \$90 million level for the UN Development Program. The Committee feels this practice would circumvent Congressional action taken last year with respect to the appropriation for this item in fiscal

year 1974. Accordingly, the Committee directs that none of the funds provided in the accompanying bill be used to provide additional funds to the UN Development Program during calendar year 1974, and that the U.S. contribution remain at its present level during the same period. A provision is also included in the bill to carry out this direction.

While the Committee realizes the authorizing legislation earmarked \$18,000,000 for the United Nations Children's Fund, it felt the budget request for UNICEF of \$15,000,000 would provide sufficient funds for this organization. Accordingly, the Committee recommends not more than \$15,000,000 for UNICEF in the accompanying bill.

UNITED NATIONS ENVIRONMENT FUND

| | |
|-------------------------------------|---------------|
| Fiscal year 1974 appropriation..... | \$7, 500, 000 |
| Fiscal year 1975 estimate..... | 10, 000, 000 |
| Recommended in the bill..... | 5, 000, 000 |

The Committee recommends an appropriation of \$5,000,000, a reduction of \$5,000,000 below the budget estimate and a reduction of \$2,500,000 below the fiscal year 1974 appropriation.

The United Nations Environment Fund (UNEF) was established in December 1972 as a result of the Stockholm Conference on the Human Environment. It administers a fund which is supported by voluntary contributions of member states with its goal of \$100 million for the first five-year period. The United States offered to contribute on a matching basis up to \$40 million of the \$100 million for the first five years and the United Nations Environment Program Participation Act of 1973 authorized the U.S. contribution.

According to testimony, the environmental fund will be used to help finance new environmental initiatives urgently required to arrest the accelerating degradation of the global environment. Once started, the operational tasks under these new programs would be carried out by the specialized agencies and other organizations both within and outside the United Nations. Thus, the direction of the fund is to serve as a catalyst and provide a United Nations focal point for environmental activities by bringing to bear the needed resources on these pressing problems.

Projects that have thus far been initiated include the first steps toward establishing a global monitoring system to measure environmental factors affecting human health, the atmosphere, the ocean, climate, and terrestrial ecosystem; and planning of an information referral service which is designed to facilitate the timely exchange of information between governments on how to solve environmental problems.

Information provided to the Committee indicates that the UNEF is expected to have about \$32.8 million available through calendar year 1974 to finance \$11.2 million in projects and programs during the same period. This would leave about \$21.6 million to finance projects in subsequent years not counting amounts that will be received in additional future contributions. The Committee feels the UNEF has sufficient funds on hand coupled with the additional contributions they will receive to more than finance this program during calendar year 1975 and that is why the full budget request was not recommended.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

| | |
|-------------------------------------|----------------|
| Fiscal year 1974 appropriation..... | \$19, 000, 000 |
| Fiscal year 1975 estimate..... | 19, 000, 000 |
| Recommended in the bill..... | 17, 500, 000 |

¹ Includes a budget amendment of \$9,000,000 contained in H. Doc. 94-60.

NOTE.—In addition to the above amount, AID has requested that \$6,500,000 in excess foreign currencies be appropriated in fiscal year 1975.

The Committee recommends an appropriation of \$17,500,000, a decrease of \$1,500,000 below the budget estimate and a decrease of \$1,500,000 below the fiscal year 1974 appropriation. In addition, the Committee recommends the appropriation of the equivalent of \$6,500,000 in excess foreign currencies.

The authorizing legislation authorized \$19,000,000 in new obligational authority for this program and \$6,500,000 in excess foreign currencies.

Section 214 of the Foreign Assistance Act authorizes assistance to schools, libraries and hospitals outside the United States which are founded or sponsored by U.S. citizens and serve as study and demonstration centers for ideas and practices of the United States. As clarified by Congress, this legislation does not permit furnishing assistance for general education or for welfare services to the citizens of foreign countries.

The Committee feels this is one of the better areas of foreign aid. The United States image is probably projected more favorably and in a better manner through this program than any other program of foreign assistance.

It is estimated that pending requests for funds for fiscal year 1975 approximate in excess of \$43,000,000 not including additional requests of \$6,500,000 in excess foreign currencies. A partial listing of these requests along with the fiscal year 1974 allocations appear on pages 1546, 1547 and 1548 of the fiscal year 1975 hearings, part 2. The Committee has not recommended specific allocations of funds to institutions in the bill because of this large list of applicants and because it was felt that as many projects as possible should be processed through established channels. Of course, Congress has every right to include any meritorious project for funding it feels is justified. The Committee does feel the projects selected for funding in fiscal 1975 should be selected on a priority basis with special consideration given to projects where programs are under way to insure that these programs are brought to a logical conclusion and to projects where United States interests would be greatly affected.

In recommending the appropriation of the equivalent of \$6,500,000 in excess foreign currencies, the Committee intends that not less than \$1,500,000 of the equivalent appropriation should be in Polish zlotys.

INDUS BASIN DEVELOPMENT FUND, GRANTS

| | |
|-------------------------------------|---------------|
| Fiscal year 1974 appropriation..... | \$9, 000, 000 |
| Fiscal year 1975 estimate..... | 14, 500, 000 |
| Recommended in the bill..... | 9, 000, 000 |

The Committee recommends an appropriation of \$9,000,000, a reduction of \$5,500,000 below the budget estimate and the same as the fiscal year 1974 appropriation.

The Indus Basin Settlement Agreements of 1960 and 1964 provided for the establishment of an Indus Basin Development Fund to finance a construction program which would ensure an equitable division of the waters of the Indus Basin between India and Pakistan and provide increased water for both irrigated agriculture and electricity for human and industrial needs. Under the Indus Basin Agreements, India received the use of the waters of the three eastern rivers and Pakistan the use of the waters of the three western rivers. The agreements also provide for a substantial amount of development assistance for Pakistan. The United States and eight other donors (the World Bank, Australia, New Zealand, Pakistan, United Kingdom, Canada, West Germany and India) contribute to the Fund.

Commitments of the United States and the eight other donors to the Fund total roughly \$1.6 billion in foreign exchange and rupees. India's commitment under the Fund is \$168.8 million in foreign exchange, and Pakistan has made a commitment of \$1.2 million in foreign exchange and \$403.5 million equivalent in rupees. The other donors have committed \$353.3 million.

U.S. participation is as follows:

[In millions of dollars]

| | Total commitment | Provided to date | Remaining obligation |
|--------------------|---------------------|---------------------|-------------------------|
| Dollar grants..... | 295.6 | 258.7 | 36.9 |
| Dollar loans..... | 121.2 | 121.0 | .2 |
| Rupees..... | 235.0 | 235.0 | |

INDUS BASIN DEVELOPMENT FUND, LOANS

| | |
|-------------------------------------|-------------|
| Fiscal year 1974 appropriation..... | \$2,000,000 |
| Fiscal year 1975 estimate..... | 200,000 |
| Recommended in the bill..... | 200,000 |

This appropriation is part of the previous item discussed above.

The Committee recommends the appropriation of \$200,000, which is the budget request.

In past years, the Committee has discovered that additional funds have been transferred into these accounts after the appropriation was made, which supplemented the funds provided under the original appropriation bill. Because the Committee feels this practice circumvents Congressional action and it also feels the amounts recommended for these two Indus Basin Development Fund accounts are adequate, provisos have again been included in the bill which would limit funds to be allocated to these two accounts in fiscal year 1975 to the amounts provided in the grant and loan paragraphs only.

CONTINGENCY FUND

| | |
|-------------------------------------|--------------|
| Fiscal year 1974 appropriation..... | \$15,000,000 |
| Fiscal year 1975 estimate..... | 30,000,000 |
| Recommended in the bill..... | 5,000,000 |

The Committee recommends an appropriation of \$5,000,000, a reduction of \$25,000,000 below the budget estimate and a reduction of \$10,000,000 below the fiscal year 1974 appropriation.

The Foreign Assistance Act of 1974 provided for a separate famine or disaster relief appropriation item and the contingency fund authorization was reduced to \$5,000,000.

INTERNATIONAL NARCOTICS CONTROL

| | |
|-------------------------------------|--------------|
| Fiscal year 1974 appropriation..... | \$42,500,000 |
| Fiscal year 1975 estimate..... | 42,500,000 |
| Recommended in the bill..... | 27,500,000 |

The Committee recommends an appropriation of \$27,500,000 a reduction of \$15,000,000 below the budget estimate and the fiscal year 1974 appropriation.

The detail of the proposed fiscal year 1975 budget program follows:

| | Proposed fiscal year 1975 program |
|-----------------------------------------------|-----------------------------------------|
| Latin America: | |
| Argentina..... | \$140,000 |
| Bolivia..... | 490,000 |
| Brazil..... | 400,000 |
| Chile..... | 38,000 |
| Colombia..... | 550,000 |
| Ecuador..... | 440,000 |
| Jamaica..... | 453,000 |
| Mexico..... | 9,657,000 |
| Panama..... | (1) |
| Paraguay..... | 16,000 |
| Peru..... | 200,000 |
| Uruguay..... | 18,000 |
| Venezuela..... | 56,000 |
| Subtotal..... | 12,458,000 |
| East Asia: | |
| Burma..... | 5,400,000 |
| Cambodia..... | (1) |
| Indonesia..... | 163,000 |
| Korea..... | (1) |
| Laos..... | 980,000 |
| Malaysia..... | (1) |
| Philippines..... | 330,000 |
| Singapore..... | (1) |
| Thailand..... | 5,174,000 |
| Vietnam..... | (1) |
| Subtotal..... | 12,047,000 |
| Near East South Asia: | |
| Pakistan..... | 750,000 |
| Jordan..... | 150,000 |
| Subtotal..... | 900,000 |
| International Organizations: | |
| UNFDAC..... | 4,000,000 |
| INTERPOL..... | 135,000 |
| Colombo Plan..... | 100,000 |
| Subtotal..... | 4,235,000 |
| Program support and training..... | 5,712,000 |
| Unprogramed..... | 7,148,000 |
| Total, fiscal year 1975 proposed program..... | 42,500,000 |

¹ Centrally funded training only.

According to information provided to the Committee, during the past two and a half years the United States has succeeded in convincing other nations that drug abuse is not a United States problem, but a world problem, one that will gain in scope and intensity in the absence of prompt and effective international cooperation. For this reason, an increasing number of countries have worked with the U.S. both on a bilateral basis and through various regional and international programs designed to eliminate illicit supplies and to suppress illicit trafficking.

Through the collaboration of Washington agencies within the Cabinet Committee on International Narcotics Control and the activity of U.S. diplomatic missions abroad, the United States has encouraged and developed narcotic control action programs with various countries considered to have a current or potential involvement with illicit hard drugs. With emphasis on more effective law enforcement and an increased exchange of narcotics intelligence information, U.S. efforts in the programs have been devoted largely to augmenting the capability of foreign governments to immobilize the traffickers and to prevent illegal supplies of narcotics—principally opium, morphine base, heroin, and cocaine—from entering illicit international markets. The United States as well as many other nations have benefitted directly from these cooperative efforts.

The U.S. is also assisting foreign governments with income substitution projects and other long-range programs which provide economic alternatives to the production of drugs of abuse.

In addition to the U.S. bilateral action programs, the program has also strongly supported the United Nations in its expanded efforts to suppress the illicit drug traffic as well as the supply of and demand for drugs for illicit purposes.

Since Turkey has lifted the ban on growing opium within her country and there has been a great deal of concern about providing assistance to a country that allows opium to be grown within her borders, the Committee would like to point out that there is a provision in section 481 of the Foreign Assistance Act of 1961, as amended, which requires the President to suspend economic and military assistance, military sales and agricultural sales to any country which he determines has not taken adequate steps to control the flow of narcotics into the United States.

Information supplied to the Committee indicates that \$15 million which was intended for the Turkey program in fiscal year 1974, and has now been cancelled, is available to the agency as an unobligated balance. The Committee has therefore reduced the budget request by \$15,000,000 and has made available the unobligated balance of \$15,000,000 for use in fiscal year 1975 in addition to the funds recommended for appropriation in the accompanying bill.

FAMINE OR DISASTER RELIEF ASSISTANCE

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$150,000,000 |
| Fiscal year 1975 estimate..... | ² 40,000,000 |
| Recommended in the bill..... | 30,000,000 |

¹ A separate urgent appropriation was made in fiscal year 1974.

² Submitted as a budget amendment in H. Doc. 94-60.

The Committee recommends an appropriation of \$30,000,000.

This appropriation was formerly a part of the contingency fund but in the authorizing legislation this year the famine or disaster relief item was broken out separately.

The authorizing legislation earmarked \$25,000,000 for disaster or famine relief assistance for Cyprus, but due to the reduction made in the appropriation amount recommended by the Committee for this item, it was necessary to also reduce the amount earmarked for Cyprus by the authorization act which the Committee has done. The Committee directs the Agency for International Development to charge against this earmarked amount for Cyprus (\$20,000,000) all funds that have been provided to Cyprus from other accounts for famine or disaster relief during fiscal year 1975.

ASSISTANCE TO PORTUGAL AND PORTUGUESE COLONIES IN AFRICA GAINING INDEPENDENCE

| | |
|-------------------------------------|---------------------------|
| Fiscal year 1974 appropriation..... | ----- |
| Fiscal year 1975 estimate..... | ¹ \$25,000,000 |
| Recommended in the bill..... | 20,000,000 |

¹ Submitted as a budget amendment in H. Doc. 94-60.

The Committee recommends an appropriation of \$20,000,000.

This item was included in the Foreign Assistance Act of 1974 and the funds are to be used to provide economic assistance. The Committee has included a proviso that earmarks not less than \$5,000,000 for the Cape Verde Islands and not less than \$5,000,000 for Mozambique, Guinea-Bissau and Angola from the funds recommended for this item.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

TRANSFER OF FUNDS

| | |
|-------------------------------------------|-----------------------------|
| Fiscal year 1974 appropriation..... | ----- |
| Fiscal year 1975 estimate (transfer)..... | ¹ (\$16,080,000) |
| Recommended in the bill..... | (16,080,000) |

¹ Submitted as a budget amendment in H. Doc. 94-22.

The Committee recommends the transfer of \$16,080,000 to the Foreign Service Retirement and Disability Fund which is the budget request.

This request was submitted as a budget amendment in House Document 94-22 and it proposes to transfer \$15,600,000 from the State Department appropriation and \$480,000 from development assistance funds in fiscal year 1975.

The Foreign Assistance Act of 1973 provided authority for AID personnel to participate in the Foreign Service Retirement and Disability System which created a requirement to make payments to the Foreign Service Retirement and Disability Fund to cover unfunded liability for the people transferred into the system. In the fiscal year 1975 Department of State appropriation, \$15,600,000 was provided to cover AID employees but due to a prohibition placed in the State Department Authorization Act, 1975, these funds are presently unable to be used. The language included in the accompanying bill would transfer the \$15,600,000 out of the State Department appropriation and make it available for payment to the fund in fiscal year 1975 along with \$480,000 transferred from development assistance funds.

United States assistance in South Vietnam is aimed at establishing and developing a self-sustaining economy, in Cambodia it is aimed at providing the means for survival so that a negotiated settlement can be reached and peace restored and in Laos it is aimed at reconstructing and rehabilitating the country's economy so that self-sufficiency can be achieved.

MIDDLE EAST SPECIAL REQUIREMENTS FUND

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | |
| Fiscal year 1975 estimate..... | ¹ \$100,000,000 |
| Recommended in the bill..... | 100,000,000 |

¹ Submitted as a budget amendment in H. Doc. 93-301.

The Committee recommends an appropriation of \$100,000,000, the budget request.

During testimony before the Committee, the following information was provided regarding the Fund.

It is not possible at this time to specify with any degree of precision how these funds will be used. Some may be utilized to resettle refugees, some to assist additional U.N. truce supervision and peacekeeping missions, and some for development projects—for example, in areas presently under occupation which could be involved under the terms of a settlement. The latter projects are likely to be of special urgency as large numbers of Palestinians look to the established regimes—rather than the revolutionary organizations—to help them fulfill their aspirations. What is important—even crucial—in the months ahead is that the United States Government be in a position to sustain its lead in moving all parties to this dispute towards a negotiated settlement and away from further military adventures that would jeopardize world peace and disrupt the international economy on an even greater scale than before. Both the Arabs and Israelis are looking to us for constructive initiatives. The U.S. must have the economic resources immediately available to respond to these expectations and to assist in creating a peace that will advance our own national interests as well as those of the parties to the dispute. The failure to meet this responsibility with the utmost promptness could have dire political and economic consequences.

Since the time that testimony was given, the authorizing legislation has provided that \$6,000,000 of the funds could be used for an increased U.S. contribution to the UN Relief and Works Agency to help settle the deficit and that a substantial portion will probably be allocated to Syria for development purposes but the exact details are still not available.

SECURITY SUPPORTING ASSISTANCE

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$112,500,000 |
| Fiscal year 1975 estimate..... | ² 660,000,000 |
| Recommended in the bill..... | ³ 660,000,000 |

¹ Earmarked \$50,000,000 for Israel.

² Includes a budget amendment of \$322,600,000 contained in H. Doc. 93-301 and a budget amendment of \$274,500,000 contained in H. Doc. 94-60.

³ Of this amount, \$324,500,000 is earmarked for Israel and \$250,000,000 for Egypt.

The Committee recommends an appropriation of \$660,000,000, the budget estimate and an increase of \$547,500,000 above the fiscal year 1974 appropriation.

The proposed fiscal year 1975 budget program of \$672,000,000 consists of \$660,000,000 in new obligational authority and \$12,000,000 in recoveries. The detail of the proposed fiscal year 1975 budget program follows:

| | <i>Proposed fiscal year 1975 program</i> |
|------------------------------------------------|----------------------------------------------|
| Egypt..... | \$250,000,000 |
| Israel..... | 324,500,000 |
| Jordan..... | 77,500,000 |
| Subtotal, Middle East..... | <u>652,000,000</u> |
| Malta..... | 9,500,000 |
| Spain..... | 3,000,000 |
| Subtotal—Europe..... | <u>12,500,000</u> |
| UN Force in Cyprus..... | 4,800,000 |
| A.I.D. support costs..... | 2,700,000 |
| Subtotal—Nonregional..... | <u>7,500,000</u> |
| Total, fiscal year 1975, proposed program..... | <u>672,000,000</u> |

According to A.I.D., the proposed program of supporting assistance has a significant new dimension this year: the advancement of actual peace negotiations in the Middle East. The U.S. has an opportunity to use its aid to consolidate the progress made through difficult negotiations, and to help the countries involved rebuild their economies and move toward a better, peaceful life for their people. The U.S. has a responsibility to its own interests in peace to meet that opportunity.

This new dimension calls for broadened and expanded assistance programs in the Middle East. The Agency is proposing a significant program of assistance for Egypt for the first time since 1967. A modest increase for Jordan is being requested to help combat the impact of the worldwide rise in prices on that small country's budget. The Agency is also proposing continued economic assistance for Israel.

The Agency is also proposing the continuation of the smaller, but nevertheless essential, supporting assistance programs not directly bearing on the Middle East. These programs are for Malta, Spain, UN Forces in Cyprus, and for AID support costs.

The Committee included a proviso in the accompanying bill which earmarks \$324,500,000 for Israel and \$250,000,000 for Egypt from funds appropriated for security supporting assistance.

MILITARY ASSISTANCE

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$450,000,000 |
| Fiscal year 1975 estimate..... | ² 1,207,000,000 |
| Recommended in the bill..... | 490,000,000 |

¹ Excludes \$250,000,000 in defense stocks provided to Cambodia under section 506 of the Foreign Assistance Act of 1961, as amended and \$100,000,000 provided to Laos which was funded under the Department of Defense Appropriation Act.

² Includes a budget amendment of \$60,000,000 contained in H. Doc. 93-301 and a budget amendment of \$222,000,000 contained in H. Doc. 94-38.

The Committee recommends an appropriation of \$490,000,000, a reduction of \$717,000,000 below the budget estimate, but an increase of \$40,000,000 above the fiscal year 1974 appropriation.

After this year, it is proposed to have a separate line item appropriation for this payment included in the regular foreign assistance appropriations bill.

ADMINISTRATIVE EXPENSES, AID

| | |
|-------------------------------------|--------------|
| Fiscal year 1974 appropriation..... | \$40,000,000 |
| Fiscal year 1975 estimate..... | 45,000,000 |
| Recommended in the bill..... | 40,000,000 |

The Committee recommends an appropriation of \$40,000,000 a reduction of \$5,000,000 below the budget request. The amount recommended is the same as appropriated in fiscal year 1974.

The Committee would like to point out that this account only funds a portion of the total operating expenses for the Agency for International Development (A.I.D.). This has been the method of operation for many years. The total operating expenses for fiscal year 1975 are estimated to be \$220.1 million which compares to the fiscal 1974 estimate of \$216.7 million. However if the fiscal 1974 total was adjusted to include comparable figures, the new fiscal 1974 total would be \$232.5 million and when compared to the fiscal 1975 estimate on this basis, a reduction is shown.

A.I.D. operating expenses are funded from several sources. One of these sources is the A.I.D. Administrative Expenses appropriation which is available in its entirety to fund operating expenses.

In the early days of the A.I.D. program, a large percentage of direct-hire employees worked as technical specialists attached to and directly implementing specific assistance projects. This group of employees was considered to be working primarily for the benefit of the recipient country, and their salaries and support costs were covered from regular program funds and included in the cost of the specific projects to which they were attached. Employees considered to be working for the benefit of both the recipient country and the United States had their salaries and support costs also funded from program accounts. The remaining A.I.D. direct-hire employees—those engaged in activities of primary interest to the United States—were funded from the Administrative Expenses appropriation.

Over the years, as A.I.D. has turned more and more of actual project implementation work over to others with A.I.D. employees assuming more of a monitoring role, this original distinction has grown increasingly unclear. As a result, the operating expense activities funded from regular program funds do not really differ from those funded from Administrative Expenses. Since this is now the situation, the Committee believes it would make more sense to drop the administrative expense title and create an operating expense title so that all the operating expenses are reflected in one account. The Committee hopes that A.I.D. will pursue this approach in the fiscal year 1976 budget and that they will request both the authorization and appropriation committees to provide legislation reflecting this change next year.

ADMINISTRATIVE EXPENSES, STATE

| | |
|-------------------------------------|--------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$4,800,000 |
| Fiscal year 1975 estimate..... | 5,900,000 |
| Recommended in the bill..... | 4,800,000 |

¹ Excludes transfer in of \$119,000 as provided in the 2nd Supplemental Appropriation Act of 1974 (Public Law 93-305).

The Committee recommends an appropriation of \$4,800,000, a reduction of \$1,100,000 below the budget estimate and the same as the 1974 appropriation. Because of the elimination of certain positions by the agency, the Committee recommends a reduction in this account.

The detail of the proposed fiscal year 1975 budget program follows:

| | <i>Proposed fiscal year 1975 program</i> |
|-----------------------------------------------------------------------------------|----------------------------------------------|
| U.S. mission to the North Atlantic Treaty Organization..... | \$2,330,000 |
| U.S. mission to the Organization for Economic Cooperation and Development..... | 1,784,000 |
| Mutal Defense Assistance Control Act (Battle Act)..... | 1,554,000 |
| Military assistance and arms sales supervision..... | 232,000 |
| Total, fiscal year 1975 proposed program..... | 5,900,000 |

INDOCHINA POSTWAR RECONSTRUCTION ASSISTANCE

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$499,000,000 |
| Fiscal year 1975 estimate..... | ² 939,800,000 |
| Recommended in the bill..... | 440,000,000 |

¹ Includes \$49,000,000 as provided in the 2nd Supplemental Appropriation Act of 1974 (Public Law 93-305).

² Includes a budget amendment of \$150,000,000 contained in H. Doc. 93-301.

The Committee recommends an appropriation of \$440,000,000, a reduction of \$499,800,000 below the budget estimate and a decrease of \$59,000,000 below the fiscal 1974 appropriation.

The proposed fiscal year 1975 budget program of \$943,300,000 consists of \$939,800,000 in new obligational authority and \$3,500,000 in receipts, reimbursements and recoveries. The detail of the proposed fiscal year 1975 budget program follows:

| | <i>Proposed fiscal year 1975 program</i> |
|------------------------------------------------------|----------------------------------------------|
| South Vietnam..... | \$750,000,000 |
| Cambodia..... | 110,000,000 |
| Laos..... | 55,200,000 |
| East Asia regional programs..... | 9,400,000 |
| Interregional support costs..... | 18,700,000 |
| Total, fiscal year 1975 proposed program..... | 943,300,000 |

According to testimony, the Indochina economic program has three main elements. First, the program is helping to meet the needs of refugees, war victims, and orphans whose lives have been disrupted by the war. Second, it is providing the essential imported commodities which those economies need to survive, such as fertilizer, industrial raw materials, food and petroleum products. Third, it is helping to reconstruct the physical damage of years of war, and to begin the process of long term development which will lead to eventual economic self-sufficiency.

These programs in fiscal year 1975 are proposed to be funded in the following amounts:

| | <i>In millions</i> |
|-----------------------------------------------------|--------------------|
| Humanitarian assistance..... | \$170.3 |
| Reconstruction and development assistance..... | 278.3 |
| Essential imports and stabilization assistance..... | 476.0 |
| Support costs..... | 18.7 |
| Total..... | 943.3 |

United States assistance in South Vietnam is aimed at establishing and developing a self-sustaining economy, in Cambodia it is aimed at providing the means for survival so that a negotiated settlement can be reached and peace restored and in Laos it is aimed at reconstructing and rehabilitating the country's economy so that self-sufficiency can be achieved.

MIDDLE EAST SPECIAL REQUIREMENTS FUND

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | |
| Fiscal year 1975 estimate..... | ¹ \$100,000,000 |
| Recommended in the bill..... | 100,000,000 |

¹ Submitted as a budget amendment in H. Doc. 93-301.

The Committee recommends an appropriation of \$100,000,000, the budget request.

During testimony before the Committee, the following information was provided regarding the Fund.

It is not possible at this time to specify with any degree of precision how these funds will be used. Some may be utilized to resettle refugees, some to assist additional U.N. truce supervision and peacekeeping missions, and some for development projects—for example, in areas presently under occupation which could be involved under the terms of a settlement. The latter projects are likely to be of special urgency as large numbers of Palestinians look to the established regimes—rather than the revolutionary organizations—to help them fulfill their aspirations. What is important—even crucial—in the months ahead is that the United States Government be in a position to sustain its lead in moving all parties to this dispute towards a negotiated settlement and away from further military adventures that would jeopardize world peace and disrupt the international economy on an even greater scale than before. Both the Arabs and Israelis are looking to us for constructive initiatives. The U.S. must have the economic resources immediately available to respond to these expectations and to assist in creating a peace that will advance our own national interests as well as those of the parties to the dispute. The failure to meet this responsibility with the utmost promptness could have dire political and economic consequences.

Since the time that testimony was given, the authorizing legislation has provided that \$6,000,000 of the funds could be used for an increased U.S. contribution to the UN Relief and Works Agency to help settle the deficit and that a substantial portion will probably be allocated to Syria for development purposes but the exact details are still not available.

SECURITY SUPPORTING ASSISTANCE

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$112,500,000 |
| Fiscal year 1975 estimate..... | ² 660,000,000 |
| Recommended in the bill..... | ³ 660,000,000 |

¹ Earmarked \$50,000,000 for Israel.

² Includes a budget amendment of \$322,500,000 contained in H. Doc. 93-301 and a budget amendment of \$274,500,000 contained in H. Doc. 94-60.

³ Of this amount, \$324,500,000 is earmarked for Israel and \$260,000,000 for Egypt.

The Committee recommends an appropriation of \$660,000,000, the budget estimate and an increase of \$547,500,000 above the fiscal year 1974 appropriation.

The proposed fiscal year 1975 budget program of \$672,000,000 consists of \$660,000,000 in new obligational authority and \$12,000,000 in recoveries. The detail of the proposed fiscal year 1975 budget program follows:

| | <i>Proposed fiscal year 1975 program</i> |
|------------------------------------------------|----------------------------------------------|
| Egypt..... | \$250,000,000 |
| Israel..... | 324,500,000 |
| Jordan..... | 77,500,000 |
| Subtotal, Middle East..... | 652,000,000 |
| Malta..... | 9,500,000 |
| Spain..... | 3,000,000 |
| Subtotal—Europe..... | 12,500,000 |
| UN Force in Cyprus..... | 4,800,000 |
| A.I.D. support costs..... | 2,700,000 |
| Subtotal—Nonregional..... | 7,500,000 |
| Total, fiscal year 1975, proposed program..... | 672,000,000 |

According to A.I.D., the proposed program of supporting assistance has a significant new dimension this year: the advancement of actual peace negotiations in the Middle East. The U.S. has an opportunity to use its aid to consolidate the progress made through difficult negotiations, and to help the countries involved rebuild their economies and move toward a better, peaceful life for their people. The U.S. has a responsibility to its own interests in peace to meet that opportunity.

This new dimension calls for broadened and expanded assistance programs in the Middle East. The Agency is proposing a significant program of assistance for Egypt for the first time since 1967. A modest increase for Jordan is being requested to help combat the impact of the worldwide rise in prices on that small country's budget. The Agency is also proposing continued economic assistance for Israel.

The Agency is also proposing the continuation of the smaller, but nevertheless essential, supporting assistance programs not directly bearing on the Middle East. These programs are for Malta, Spain, UN Forces in Cyprus, and for AID support costs.

The Committee included a proviso in the accompanying bill which earmarks \$324,500,000 for Israel and \$250,000,000 for Egypt from funds appropriated for security supporting assistance.

MILITARY ASSISTANCE

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$450,000,000 |
| Fiscal year 1975 estimate..... | ² 1,207,000,000 |
| Recommended in the bill..... | 490,000,000 |

¹ Excludes \$250,000,000 in defense stocks provided to Cambodia under section 506 of the Foreign Assistance Act of 1961, as amended and \$100,000,000 provided to Laos which was funded under the Department of Defense Appropriation Act.

² Includes a budget amendment of \$60,000,000 contained in H. Doc. 93-301 and a budget amendment of \$222,000,000 contained in H. Doc. 94-38.

The Committee recommends an appropriation of \$490,000,000, a reduction of \$717,000,000 below the budget estimate, but an increase of \$40,000,000 above the fiscal year 1974 appropriation.

The total proposed fiscal year 1975 program of \$1,246,000,000, consists of \$1,207,000,000 in new obligational authority, \$5,000,000 in reappropriations, \$29,000,000 in recoupments and \$5,000,000 in reimbursements. The proposed fiscal year 1975 budget program is outlined in the following table:

| | <i>Proposed fiscal year 1975 program</i> |
|----------------------------------|----------------------------------------------|
| East Asia and Pacific: | |
| China (Taiwan)..... | \$400,000 |
| Indonesia..... | 22,700,000 |
| Khmer Republic..... | 584,500,000 |
| Korea..... | 161,500,000 |
| Laos..... | 85,200,000 |
| Malaysia..... | 285,000 |
| Philippines..... | 17,900,000 |
| Thailand..... | 56,000,000 |
| Regional costs..... | 365,000 |
| Regional total..... | <u>928,850,000</u> |
| Near East and South Asia: | |
| Afghanistan..... | 200,000 |
| India..... | 100,000 |
| Jordan..... | 94,243,000 |
| Lebanon..... | 150,000 |
| Nepal..... | 35,000 |
| Pakistan..... | 280,000 |
| Saudi Arabia..... | 220,000 |
| Sri Lanka..... | 15,000 |
| Turkey..... | 80,000,000 |
| Regional costs..... | 52,000 |
| Regional total..... | <u>175,295,000</u> |
| Europe: | |
| Austria..... | 24,000 |
| Finland..... | 24,000 |
| Portugal..... | 860,000 |
| Spain..... | 1,600,000 |
| Regional costs..... | 23,000 |
| Regional total..... | <u>2,531,000</u> |
| Africa: | |
| Ethiopia..... | 11,300,000 |
| Ghana..... | 70,000 |
| Liberia..... | 100,000 |
| Mali..... | 50,000 |
| Morocco..... | 860,000 |
| Senegal..... | 25,000 |
| Sudan..... | 50,000 |
| Tunisia..... | 2,000,000 |
| Zaire..... | 300,000 |
| Regional costs..... | 30,000 |
| Regional total..... | <u>14,785,000</u> |

Latin America:

| | <i>Proposed fiscal year 1975 program</i> |
|-----------------------------------------------|----------------------------------------------|
| Argentina..... | 700,000 |
| Bolivia..... | 3,300,000 |
| Brazil..... | 800,000 |
| Chile..... | 800,000 |
| Colombia..... | 700,000 |
| Dominican Republic..... | 1,300,000 |
| Ecuador..... | 400,000 |
| El Salvador..... | 1,100,000 |
| Guatemala..... | 1,300,000 |
| Haiti..... | 200,000 |
| Honduras..... | 1,100,000 |
| Mexico..... | 100,000 |
| Nicaragua..... | 1,100,000 |
| Panama..... | 500,000 |
| Paraguay..... | 1,400,000 |
| Peru..... | 800,000 |
| Uruguay..... | 1,600,000 |
| Venezuela..... | 700,000 |
| Regional costs..... | 350,000 |
| Regional total..... | <u>18,250,000</u> |
| DOD (General Costs)..... | <u>106,289,000</u> |
| Total, fiscal year 1975 proposed program..... | <u>1,246,000,000</u> |

While the recommended appropriation does show an increase above the fiscal year 1974 appropriation in the table, it must be kept in mind that the fiscal 1974 amount does not include \$250,000,000 provided to Cambodia under section 506 of the Foreign Assistance Act of 1961 and about \$100,000,000 provided to Laos under the Department of Defense Appropriation Act during the year. If these amounts were included in the fiscal year 1974 appropriation total, as they should be if comparable figures were to result, the Committee recommendation for funding in fiscal year 1975 would show a reduction below the fiscal 1974 level of about \$310,000,000.

This appropriation estimate does not include funds for South Vietnam. This program was transferred and is included in the budget estimates of the Defense Department.

The fiscal year 1975 budget program proposes to supply grant materiel assistance to 20 countries and training programs to 48 countries of which 20 will also receive materiel assistance, as previously mentioned.

The following statements by the Secretary of Defense give some indication of the objectives of the United States security assistance programs.

A balance of U.S.-U.S.S.R. strategic nuclear forces is part, but only part, of the wider need to maintain a worldwide military equilibrium. Deterrence is greatly strengthened if there are regional military balances in critical areas of the world. In Europe, for example, we and our NATO Allies are seeking to maintain a satisfactory long-term balance of forces. Similarly, we wish to maintain a balance of naval forces, for unlike the U.S.S.R., which is predominantly a land power, the United States and its Allies have long and exposed sealines of communication. Access to vital supplies, such as oil and other overseas resources, is essential to the West.

The United States, however, cannot by itself maintain adequate conventional forces to protect its larger interests and to insure stability in all potentially volatile areas of the world. The conflict in Southeast Asia has demonstrated the problems that can result from the direct involvement of American forces. Here is where security assistance has an indispensable role.

It is the principal purpose of security assistance—both the grant aid and the military sales programs—to strengthen deterrence and promote peaceful negotiation by helping our friends and allies to maintain adequate defense forces of their own. We believe that hostilities can often be avoided altogether; and when they cannot, then we aim to insure that our friends and allies have the capacity to defend themselves and to restore stability as soon as practicable. In this way, we seek to achieve regional stability in crucial areas of the world without the need for direct intervention by American forces.

In addition to the paramount importance of achieving and preserving the peace throughout the Middle East, the United States recognizes an equally vital need to pursue policies conducive to continuing access to the area's tremendous oil reserves. Denial or curtailment of this access would represent a threat to the security and economic well-being of the United States and other free world nations. Judicious use of foreign military sales, both cash and credit, and grant military assistance, as instruments of national policy toward deflecting that threat is thus clearly consistent with our national interest.

Another of our objectives in providing military assistance is continuing an uninterrupted access to bases and facilities important to the worldwide U.S. military posture. In all cases, however, DOD security assistance programs are designed to facilitate and encourage greater contribution by countries to their own and the common defense.

The Committee has noted that some countries are scheduled to receive security assistance funding in fiscal year 1975 in the form of grant aid when the country involved could well afford to receive such aid on a loan basis or even pay cash for such assistance. The Committee hopes the agency will study the possibility of eliminating some of these countries from the grant aid program and provide this assistance on a loan or cash basis. This would specifically apply to a country such as Saudi Arabia who possesses great wealth. The Committee understands the grant program for Saudi Arabia has now been brought to a close. The Committee will pursue the progress made in this endeavor during next year's hearings.

The Committee also noted over the past several years that reductions made in the security assistance programs by Congress are not necessarily divided proportionately among the proposed recipient countries. The Committee understands a certain degree of flexibility is

needed in making final funding allocations to the countries and that security situations change rather rapidly over the course of time but it feels in some instances the allocation procedures have been abused. Some countries are required to bear a disproportionate share of the reductions made by Congress for a particular year. While the Committee has avoided including specific language in the bill dealing with this situation, it is hoped the agency will try to allocate these reductions to the recipient countries in proportion to the requests presented to Congress for the particular year involved. The Committee will follow up on this matter during the hearings next year. In addition, the Committee should be informed of any major changes in amounts or recipients occurring throughout the particular fiscal year.

The Committee has passed over without prejudice the budget amendment of \$222,000,000 requested for Cambodia. This amount has not yet been authorized and the funds were not included in the accompanying bill. The Committee was informed that the authorization Committees of both Houses were beginning to act on the Cambodia issue. The ceilings imposed on Cambodia by the Foreign Assistance Act are still in effect and would have to be lifted before any additional funds could be made available and this would have to be done by the authorization Committees. If additional authorization is provided and the ceilings are lifted, the Committee would consider a supplemental request for Cambodia.

OVERSEAS PRIVATE INVESTMENT CORPORATION

| | |
|-------------------------------------|--------------|
| Fiscal year 1974 appropriation..... | \$25,000,000 |
| Fiscal year 1975 estimate..... | 25,000,000 |
| Recommended in the bill..... | |

The Committee recommends no appropriation for this item in fiscal year 1975. The request was made for the purpose of providing additional funds for the insurance reserves.

Under the legislation which recently extended the authority of the Overseas Private Investment Corporation (OPIC), Public Law 93-390, it is stated that "no appropriations shall be made to augment the Insurance Reserve until the amount of funds in the Insurance Reserve is less than \$25,000,000." As of December 31, 1974, the balance of funds in the insurance reserve amounted to about \$146,000,000.

The purpose of OPIC is to mobilize and facilitate the participation of U.S. private capital and skills in the economic and social development of less developed friendly countries and areas. To carry out this purpose, OPIC is authorized to insure investments against inconvertibility, expropriation, and war risks, to guaranty loans and other investments of eligible investors (not to exceed 75 percent of such investment), to make loans to firms privately owned or of mixed private and public ownership (excluding loans for mining or other extraction operations), to encourage and support the promotion of private investment opportunities and to enter into risk sharing agreements, arrangements or contracts with insurance companies, financial institutions, etc.

Under the new legislation enacted and referred to above, OPIC has a new statutory directive to attract and facilitate the participation by the private insurance industry in the writing of political risk insurance, with the hope that this function can be completely turned

over to the private sector by 1980. The legislation established an immediate objective of 25 percent private participation in new contracts of expropriation and inconvertibility insurance by 1975.

During the hearings, it was brought out that OPIC had made a loan of \$415,000 to help finance the construction of a luxury hotel in Haiti. A great deal of adverse publicity was directed against this project at that time. The Committee feels many other projects would be more deserving of OPIC funding than something of this nature, not necessarily because the project was not a proper project because some benefits were to accrue to Haiti, but because the U.S. should not be in the business of financing the ultimate in luxury hotels.

INTER-AMERICAN FOUNDATION

| | |
|------------------------------------------------|----------------|
| Fiscal year 1974 limitation ¹ | (\$10,000,000) |
| Fiscal year 1975 limitation request..... | (10,000,000) |
| Recommended in the bill..... | (5,000,000) |

¹ Limitation on obligations.

The Committee recommends a limitation on obligations of \$5,000,000, a reduction of \$5,000,000 below the budget and the fiscal year 1974 limitation.

In the Foreign Assistance Act of 1973 there was a provision which would allow the Foundation to use certain funds of the Social Progress Trust Fund if agreed to by the Inter-American Development Bank. Testimony indicated that the Foundation would use \$10,000,000 from this source in fiscal year 1975 in addition to the \$10,000,000 limitation being requested. Because of this increase in availability of funds for fiscal year 1975, the Committee has reduced the limitation request.

As of June 30, 1974, \$275,000 of the fiscal 1974 limitation had been unused.

The authorizing legislation provided that not to exceed \$50,000,000 should be available to the Foundation from the economic assistance funds authorized by the Foreign Assistance Act of 1961, as amended, over a two year period. The entire \$50,000,000 has been transferred to the Foundation from the Agency for International Development. The unobligated balance as of June 30, 1974 charged against this total was estimated to have been \$31,010,000.

The Inter-American Foundation is a Government corporation established by the Foreign Assistance Act of 1969 and operating on a people-to-people basis in Latin America and the Caribbean.

The operational approach of the Foundation is to support small scale local efforts of people in Latin America and the Caribbean to solve their own economic and social development problems. This support is primarily in the form of grants to private and semi-autonomous groups in the region.

The management of the Foundation is vested in a board of directors. The Board is composed of seven members, appointed by the President, and confirmed by the Senate.

TITLE II—FOREIGN MILITARY CREDIT SALES

| | |
|-------------------------------------|----------------------------|
| Fiscal year 1974 appropriation..... | ¹ \$325,000,000 |
| Fiscal year 1975 estimate..... | ² 555,000,000 |
| Recommended in the bill..... | 300,000,000 |

¹ Earmarked \$300,000,000 for Israel out of the aggregate credit ceiling of \$730,000,000.

The Committee recommends an appropriation of \$300,000,000, reduction of \$255,000,000 below the budget estimate and a decrease of \$25,000,000 below the fiscal year 1974 appropriation.

The proposed budget program for fiscal year 1975 is estimated to be \$872,500,000, of which \$352,800,000 will be privately financed and \$35,300,000 will be set aside as a 10 percent guaranty for this private financing and \$519,700,000 will be Department of Defense financed. The detail of the proposed fiscal year 1975 budget program follows:

| | <i>Proposed fiscal year 1975 program</i> |
|-----------------------------------------------------|------------------------------------------|
| East Asia and Pacific: | |
| China (Taiwan)..... | \$80,000,000 |
| Korea..... | 52,000,000 |
| Malaysia..... | 10,000,000 |
| Philippines..... | 5,000,000 |
| Regional total..... | 147,000,000 |
| Near East and South Asia: | |
| Greece..... | 71,000,000 |
| Israel..... | 300,000,000 |
| Jordan..... | 30,000,000 |
| Lebanon..... | 10,000,000 |
| Turkey..... | 90,000,000 |
| Regional total..... | 501,000,000 |
| Africa: | |
| Ethiopia..... | 5,000,000 |
| Liberia..... | 500,000 |
| Morocco..... | 14,000,000 |
| Tunisia..... | 1,500,000 |
| Zaire..... | 3,500,000 |
| Regional total..... | 24,500,000 |
| Latin America: | |
| Argentina..... | 30,000,000 |
| Bolivia..... | 3,000,000 |
| Brazil..... | 60,000,000 |
| Chile..... | 20,500,000 |
| Colombia..... | 17,000,000 |
| Dominican Republic..... | 500,000 |
| Ecuador..... | 12,500,000 |
| El Salvador..... | 3,500,000 |
| Guatemala..... | 1,000,000 |
| Honduras..... | 3,500,000 |
| Mexico..... | 5,000,000 |
| Nicaragua..... | 3,000,000 |
| Paraguay..... | 500,000 |
| Peru..... | 20,500,000 |
| Uruguay..... | 2,500,000 |
| Venezuela..... | 17,000,000 |
| Regional total..... | 200,000,000 |
| Total fiscal year 1975 proposed program..... | 872,500,000 |

The new obligational authority requested for Foreign Military Sales credit needed to facilitate credit sales in fiscal year 1975, will be used both for direct credits and for guarantee of private credits. The amounts used for direct credits will be repaid to the U.S. Treasury with interest by the governments to which it is made available. The

portion used for the guaranty reserve remains with the Treasury until such time as a claim for default must be satisfied. Developing countries are seldom able to expend substantial sums of cash for the purchase of modern weapons systems, and seldom obtain credits from private sources on reasonable terms. Credits provided or guaranteed by the United States through the FMS program are, therefore, essential if these countries are to purchase the military equipment and services they need, and thus diminish their dependence on grant assistance for support and maintenance of an adequate defense posture.

The Committee has also included a proviso in the accompanying bill which earmarks \$300,000,000 for Israel out of the total credit ceiling allowed in fiscal 1975, and it has the same effect as a similar proviso placed in the authorizing legislation. The authorizing legislation also includes language which has the effect of forgiving Israel from repaying \$100,000,000 of the credit sales extended to her and the proviso contained in this paragraph earmarking funds for Israel does not in any way effect the operation of this language. As of December 31, 1974, Israel had \$1,148,000,000 of military sales in the unexpended category.

The present terms on the credit arrangements are as follows: (1) maximum credit repayment is 10 years, and (2) the interest rate normally charged is not less than the cost of money to the U.S. Government as of the last day of the month preceding the transaction.

According to the Department of Defense, total military credit sales from the inception of the program (1950) through March 31, 1974 amounted to \$3,854,000,000 and as of the end of March, 1974 they had roughly \$1.1 million in overdue debts.

TITLE III-FOREIGN ASSISTANCE (OTHER)

INDEPENDENT AGENCY

ACTION—INTERNATIONAL PROGRAMS

PEACE CORPS

| | |
|-------------------------------------|--------------|
| Fiscal year 1974 appropriation..... | \$77,000,000 |
| Fiscal year 1975 estimate..... | 82,256,000 |
| Recommended in the bill..... | 77,000,000 |

¹ Includes \$1,000,000 as provided in the 2nd Supplemental Appropriation Act of 1974 (P.L. 93-305).

The Committee recommends an appropriation of \$77,000,000, a reduction of \$5,256,000 below the budget estimate and the same amount as the fiscal year 1974 appropriation.

The Peace Corps became a part of the Agency known as "Action" on July 1, 1971, in accordance with the President's reorganization plan. Action consists of the Peace Corps, Volunteers in Service to America (VISTA), Foster Grandparents, Retired Senior Volunteer Programs (RSVP), Service Corps of Retired Executives (SCORE), Active Corps of Executives (ACE), and the University Year for Action, developmental and part time efforts. The appropriation recommended in the accompanying bill provides funds for the Peace Corps only, while the remainder of the Action budget is considered in connection with the Labor-HEW Appropriation Bill.

Not to be critical, but to be objective, the Peace Corps has been requested to leave fifteen countries for various reasons, of which Peru was the last. Peru requested the United States to withdraw all the Peace Corps volunteers from her country because the work on projects could be done just as well by Peruvians. The Committee believes this could be the situation in other countries and therefore, the Peace Corps should review its programs worldwide to insure other volunteers are not performing tasks which could be accomplished just as well by the country's own people. The entire Peace Corps operation needs to be scrutinized on the basis of facts and not on the basis of claimed accomplishments.

Some people think that the total request for funds for the Peace Corps in fiscal year 1975 is \$82,256,000, but that is not the case. Since the inception of the Peace Corps in fiscal year 1962, \$1,141,614,000 has been appropriated to this program through fiscal year 1974. The United States has had to pay about 6 percent interest on the total amount because these funds have had to be borrowed. So the total amount needed for the Peace Corps in fiscal year 1975 is about \$150,000,000 when this interest amount is included. The Committee might also point out that some U.S. foreign assistance programs receive dollar repayments from the recipient countries, but the Peace Corps program provides for no such repayments. This is equally as true of other foreign aid programs being funded on a grant basis.

The Committee has noted that Iran is scheduled to have a Peace Corps program in fiscal year 1975 which will require the obligation of U.S. funds. The Committee does not mean to single out Iran for any other purpose than to illustrate that the U.S. is providing grant assistance to certain countries that could well afford to pay for this assistance. The Committee believes this type of assistance to these countries could be provided on a full cash reimbursable basis, and it expects the Peace Corps and all other foreign aid agencies to pursue the possibility of this approach immediately.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

ASSISTANCE TO REFUGEES IN THE UNITED STATES (CUBAN REFUGEE PROGRAM)

| | |
|-------------------------------------|---------------|
| Fiscal year 1974 appropriation..... | \$129,000,000 |
| Fiscal year 1975 estimate..... | 178,000,000 |
| Recommended in the bill..... | 90,000,000 |

¹ Includes a budget amendment of \$18,000,000 contained in H. Doc. 93-398.

The Committee recommends an appropriation of \$90,000,000, an increase of \$12,000,000 above the budget estimate and a decrease of \$39,000,000 below the fiscal year 1974 appropriation.

The program was established in 1961 to alleviate the impact of Cuban refugees on State and local resources by reimbursing State and local agencies for certain types of expenditures made on behalf of the refugees and to aid the refugees in becoming self-supporting through training, rehabilitative services, and resettlement from the port of entry (Miami) to opportunities in other parts of the country.

In response to a congressional recommendation and due to the fact that the flow of refugees from Cuba has been greatly reduced, the

Agency has been trying to introduce a phaseout plan for this program for the last two years. However, each year an amendment has been attached to the continuing resolution in the Senate to continue the Cuban program at nonphaseout levels and the phaseout has had to be delayed. The phaseout plan was again scheduled to go into effect on July 1, 1974 but the Senate amended the continuing resolution for fiscal year 1975 which in effect delayed the implementation of the phaseout by establishing an annual rate of operation of \$100,000,000. Because of this delay in the phaseout plan, the Agency indicates they will need about \$90,000,000 to operate for the entire fiscal year 1975 on the same basis they are now operating.

DEPARTMENT OF STATE

MIGRATION AND REFUGEE ASSISTANCE

| | |
|-------------------------------------|-------------|
| Fiscal year 1974 appropriation..... | \$9,779,000 |
| Fiscal year 1975 estimate..... | 9,470,000 |
| Recommended in the bill..... | 9,420,000 |

¹ Includes \$275,000 as provided in the 2nd Supplemental Appropriation Act of 1974 (Public Law 93-505). \$250,000 of this amount was earmarked for the International Committee of the Red Cross.

The Committee recommends an appropriation of \$9,420,000, a reduction of \$50,000 below the budget estimate and \$359,000 below the fiscal year 1974 appropriation. The details of the fiscal year 1975 proposed budget program follow:

| | <i>Proposed fiscal year 1975 program</i> |
|----------------------------------------------------------------|----------------------------------------------|
| Intergovernmental Committee for European Migration (ICEM)..... | \$3,460,000 |
| United Nations High Commissioner for Refugees (UNHCR)..... | 1,300,000 |
| International Committee of the Red Cross (ICRC)..... | 50,000 |
| African Refugees..... | 300,000 |
| East European Refugees..... | 2,520,000 |
| Far East Refugees..... | 500,000 |
| Administration..... | 1,340,000 |
| Total, fiscal year 1975 proposed program..... | 9,470,000 |

The Committee has noticed in the past several years that some of the organizations listed in the budget presentations each year are required to bear a disproportionate share of the reductions made by Congress in a particular year or if the full budget request is granted, are not allocated the full amount listed in the budget presentations for that particular year. Because this situation has usually applied to the funds concerning the Intergovernmental Committee for European Migration (ICEM), the Committee specifically provides \$3,460,000 to ICEM to be allocated as follows: \$1,199,880 for the administrative program, \$1,033,650 for the refugee program and \$1,226,470 for the Latin American program.

The Committee has been concerned that the migration and refugee programs are not administered by one particular agency or office but are primarily divided between the Department of State and the Agency for International Development. It seems to the Committee that it would be much more efficient to have all these programs under one office in the Executive Branch. The Committee believes this possibility should be examined and it plans to see what conclusions have been reached during next year's hearings on this subject.

ASSISTANCE TO REFUGEES FROM THE SOVIET UNION

| | |
|-------------------------------------|--------------|
| Fiscal year 1974 appropriation..... | \$36,500,000 |
| Fiscal year 1975 estimate..... | 40,000,000 |
| Recommended in the bill..... | 40,000,000 |

¹ Submitted as a budget amendment in H. Doc. 94-60.

The Committee recommends an appropriation of \$40,000,000, an increase of \$3,500,000 above the fiscal year 1974 appropriation.

The following table indicates how the past appropriations were allocated or are proposed to be allocated for this program:

| | 1973 grant | 1974 proposal |
|---------------------------------------------------------------------------------------|-------------------|-------------------|
| En route care, Vienna: | | |
| Calendar year 1973..... | \$1,200,000 | |
| Calendar year 1974..... | 1,200,000 | |
| Construction program: Transit Center, Vienna..... | 500,000 | |
| Construction or acquisition of new absorption centers and hostels..... | 8,750,000 | \$4,000,000 |
| Construction or acquisition of hospital wing..... | 2,000,000 | 4,000,000 |
| Medical services and paramedic training..... | | 1,000,000 |
| Construction or acquisition of apartments and/or mobile homes..... | 16,450,000 | 10,000,000 |
| Rental payments for apartment occupancy by Russian immigrants between 1 and 2 yr..... | | 4,000,000 |
| University scholarships..... | 2,100,000 | 500,000 |
| Training and retraining for artisans and technicians..... | 900,000 | 200,000 |
| Maintenance costs for on-the-job trainees..... | 850,000 | 200,000 |
| Maintenance costs at Ulanim, absorption centers and hostels..... | 8,250,000 | 2,900,000 |
| Advanced level education in the arts and science..... | 1,800,000 | 2,500,000 |
| Maintenance of youth in Youth Aliyah Institution..... | | 1,200,000 |
| Total..... | 44,000,000 | 30,500,000 |
| ICEM transportation of refugees..... | 5,000,000 | 2,500,000 |
| Assistance to other Soviet refugees en route to the United States..... | 975,000 | 3,400,000 |
| Administration..... | 25,000 | 100,000 |
| Grand total..... | 50,000,000 | 36,500,000 |

Of the \$40,000,000 recommended in the accompanying bill, the Committee directs that not less than \$35,000,000 be made available to resettle Soviet refugees in Israel.

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL FINANCIAL INSTITUTIONS

As stated in past years, the Committee is concerned over the trend to direct an increasing amount of U.S. foreign assistance through the multilateral institutions where Congress does not have the same degree of control over these multilateral organizations as it does over the bilateral assistance programs. Since fiscal year 1961, the Congress has appropriated \$6,019,330,000 to the three international financial institutions contained in this bill through fiscal year 1974 (Asian Development Bank, Inter-American Development Bank, International Development Association) and this does not take into account the amounts appropriated to these institutions to maintain the value of U.S. contributions because of the devaluation of the dollar, through the same period (\$1,205,000,000). The fiscal year 1975 budget requests for these same institutions amount to \$990,634,909. The following table gives some indication of the amounts provided to these institutions over the years:

INTERNATIONAL FINANCIAL INSTITUTIONS (1961-74 INCLUSIVE, 14 YR)

| Fiscal year | Asian Development Bank | International Development Association | Inter-American Development Bank | Total |
|-----------------------|------------------------|---------------------------------------|---------------------------------|---------------|
| 1961 | | \$73,666,000 | | \$73,666,000 |
| 1962 | | 61,656,000 | \$110,000,000 | 171,656,000 |
| 1963 | | 61,656,000 | 60,000,000 | 121,656,000 |
| 1964 | | 61,656,000 | 50,000,000 | 111,656,000 |
| 1965 | | 61,656,000 | 455,880,000 | 517,536,000 |
| 1966 | \$140,000,000 | 104,000,000 | 455,880,000 | 699,880,000 |
| 1967 | | 104,000,000 | 250,000,000 | 354,000,000 |
| 1968 | | 104,000,000 | 300,000,000 | 404,000,000 |
| 1969 | 20,000,000 | 160,000,000 | 505,880,000 | 685,880,000 |
| 1970 | 20,000,000 | 160,000,000 | 505,880,000 | 685,880,000 |
| 1971 | 20,000,000 | 160,000,000 | 275,000,000 | 455,000,000 |
| 1972 | | | 211,760,000 | 211,760,000 |
| 1973 | | 320,000,000 | 418,380,000 | 738,380,000 |
| 1974 | 50,000,000 | 320,000,000 | 418,380,000 | 788,380,000 |
| Total | 250,000,000 | 1,752,290,000 | 4,017,040,000 | 6,019,330,000 |
| 1972 MOV ¹ | 18,000,000 | 122,000,000 | 370,000,000 | 510,000,000 |
| 1974 MOV ¹ | 24,000,000 | 161,000,000 | 510,000,000 | 695,000,000 |
| Grand total | 292,000,000 | 2,035,290,000 | 4,897,040,000 | 7,224,330,000 |

¹ Maintenance of value (MOV)—Payments to the international financial institutions to bring the purchasing power of the dollar up to its level at the time of allocation to these institutions which in effect is to offset the loss of purchasing power brought about by the 2 devaluations of the dollar.

Congress can also expect to be confronted with additional large requests in future years. Under existing legislation, the United States has been authorized to contribute an additional \$1,500,000,000 to the International Development Association over a four year period. Also legislation has been enacted to authorize the U.S. to contribute an additional \$362,000,000 to the Asian Development Bank's ordinary capital and \$50,000,000 to the Bank's special funds.

As the Committee has pointed out before, the same degree of detailed examination which is possible in the bilateral assistance programs is not possible in the multilateral assistance programs which makes it more difficult to exercise the same degree of control over the funds appropriated to the multilateral institutions. As a matter of fact, the Committee is denied the right to examine the individuals who actually are responsible for administering these institutions.

It should also be pointed out that when the loans made by the international institutions are repaid by the recipient country, the funds return to the particular institution that made the loan whereas in the bilateral loan program the loan repayments are repaid directly to the United States.

It has been stated before the Committee several times that all agreements entered into concerning the U.S. contributions to the international financial institutions are subject to the condition that a subsequent appropriation be made. The Committee is of the opinion that new agreements could be renegotiated without great difficulty should a reduction be made in the budget requests of these institutions. Congress should have control over determining the amount of U.S. funds to be allocated to the multilateral institutions each year in light of the then existing financial situation in the U.S. as is the case with budget requests submitted for all other programs.

ASIAN DEVELOPMENT BANK

| | |
|--------------------------------|--------------------------|
| Fiscal year 1974 appropriation | \$50,000,000 |
| Fiscal year 1975 estimate | ¹ 170,634,909 |
| Recommended in the bill | 50,000,000 |

¹ Includes a budget amendment of \$120,634,909 contained in H. Doc. 94-28.

The budget request of \$170,634,909 consists of the following items; \$50,000,000 for the special funds, \$24,126,982 for paid-in ordinary capital and \$96,507,927 for callable ordinary capital.

The Committee recommends an appropriation of \$50,000,000 for the special funds of the Bank and denies the entire request for the ordinary capital.

The special funds of the Bank are used to provide concessional loans to countries in Asia and the United States contribution to this special fund is about 12 percent of the total contributions made through fiscal year 1974. The interest rate on these loans runs about 1 percent and the terms are usually about 30 years.

The ordinary capital resources of the Bank are used to provide "hard" loans to countries in Asia and the United States contribution to this account approximates 12 percent of the total contributions made through fiscal year 1974. The interest rate on these loans runs about 8½ percent and the terms are usually about 19 years.

As of December 31, 1973, over \$710,000,000 in undisbursed loans were held by the Bank of which \$199,000,000 applied to loans of the special funds.

INTER-AMERICAN DEVELOPMENT BANK

| | |
|--------------------------------|---------------|
| Fiscal year 1974 appropriation | \$418,380,000 |
| Fiscal year 1975 estimate | 500,000,000 |
| Recommended in the bill | 150,000,000 |

The Committee recommends an appropriation of \$150,000,000, a decrease of \$350,000,000 below the budget request and \$268,380,000 below the fiscal year 1974 appropriation.

The funds recommended are for the Fund for Special Operations (FSO) of the Bank which was funded at a level of \$225,000,000 in fiscal year 1974. The FSO is used to provide concessional loans to the Latin American nations and the United States contribution to the Fund is about 68 percent of the total contributions made through fiscal year 1974. The interest rates on these loans run from 3 to 4 percent and the terms are usually 20-30 years.

As of December 31, 1973, over \$2,500,000,000 in undisbursed loans were held by the Bank of which \$1,400,000,000 applied to loans of the Fund for Special Operations.

INTERNATIONAL DEVELOPMENT ASSOCIATION

| | |
|--------------------------------|---------------|
| Fiscal year 1974 appropriation | \$320,000,000 |
| Fiscal year 1975 estimate | 320,000,000 |
| Recommended in the bill | 320,000,000 |

The Committee recommends the appropriation of the full budget request of \$320,000,000.

The International Development Association (IDA) makes credits available to the poorer nations of the world on concessional terms and the United States contribution to IDA is about 40 percent of the total contributions made through fiscal year 1974. The credits are provided to the countries at no interest, only a yearly service charge is levied, with a 50 year repayment period of which the first 10 years is a grace period.

As of June 30, 1974, over \$2,800,000,000 in undisbursed credits were held by the Association.

TITLE IV—EXPORT-IMPORT BANK OF THE
UNITED STATES

| | |
|----------------------------------------------------------------------|--------------------------|
| Fiscal year 1974 limitation on program activity----- | (\$7,650,000,000) |
| Fiscal year 1974 limitation on administrative expenses----- | ¹ (9,180,000) |
| Total, fiscal year 1974 limitation----- | (7,659,180,000) |
| Fiscal year 1975 proposed limitation on program activity---- | (6,403,086,000) |
| Fiscal year 1975 proposed limitation on administrative expenses----- | (10,242,000) |
| Total, fiscal year 1975 proposed limitation----- | (6,413,328,000) |

¹ Includes an increase in limitation of \$525,000 as provided in the 2nd Supplemental Appropriation Act of 1974 (Public Law 93-305).

The Committee recommends the full budget request of \$6,403,086,000 for the limitation on program activity which is \$1,246,914,000 below the limitation provided in fiscal year 1974. The Committee also recommends the full budget request of \$10,242,000 for the limitation on administrative expenses which is \$1,062,000 above the limitation provided in fiscal year 1974.

The following table shows the Bank's estimated activity proposed for fiscal year 1975:

| | <i>Proposed fiscal year 1975 activity</i> |
|--------------------------------------------------------------------------------------------|-----------------------------------------------|
| Loan program: | |
| Equipment and services authorizations----- | \$3,445,000,000 |
| Commodity authorizations----- | 75,000,000 |
| Discount authorizations----- | 2,000,000,000 |
| Special foreign trade authorizations----- | 50,000,000 |
| Subtotal—Gross loan authorizations----- | 5,570,000,000 |
| Less: Participations in and cancellations of loans authorized during fiscal year 1975----- | 435,000,000 |
| Net loan authorizations----- | 5,135,000,000 |
| Guarantee and insurance program: | |
| Authorization of new and renewed policies----- | 8,000,000,000 |
| Less: Repayment and cancellations on guarantees and insurance----- | 4,701,584,000 |
| Subtotal----- | 3,298,416,000 |
| Less: Reduction from use of fractional reserve and adjustments----- | 2,430,062,000 |
| Charge to new program activity for guarantees and insurance----- | 868,354,000 |
| Other charges: | |
| Interest and nonadministrative expenses ¹ ----- | 399,632,000 |
| Equipment ¹ ----- | 100,000 |
| Total other than for administrative expenses: that is, "New Program Activity"----- | 6,403,086,000 |
| Administrative expense ¹----- | 10,242,000 |
| Total, fiscal year 1975 proposed activity----- | 6,413,328,000 |

¹ On the accrual basis.

The Committee looks upon the activities of the Export-Import Bank as an asset to American financial operations. The financing of American exports by the Bank has provided many full time jobs for the American people over the years. The promotion of U.S. exports abroad by the Bank benefits U.S. private businesses by allowing them to earn greater profits while at the same time increasing income levels of all segments of our society, and helping the U.S. balance of payments position. It should also be pointed out that the inflow of tax revenue to the U.S. Treasury is increased by the fact that corporations are earning larger profits from these increased exports.

Since the inception of the Bank, \$856,000,000 has been paid in dividends to the U.S. Treasury.

Export-Import Bank's rates and terms have been made more flexible. The interest rate on loans has been raised to a range of between 7 and 8½ percent. A minimum cash payment by the obligor of 10 percent is still required and the Bank is seeking to raise it to 20 percent in certain cases. The Bank has also reduced its participation in the financing to a range from 30 percent to 45 percent with the balance coming from a commercial source of funds at market rates, whereas it formerly was a standard 45 percent. These new terms enable the Bank to further maximize the total amount of the exports supported with a minimum of Bank funds.

In the legislation recently passed by the Congress amending the Export-Import Bank Act, several interesting legislative restrictions were included.

1. A separate national interest determination must be made by the President for each loan of \$50 million or more to any communist country and reported to the Congress within 30 days of the determination but no later than the date on which the Bank takes final action on the transaction. The current requirement for a national interest determination for a communist country which covers all transactions for that country is also retained.

2. A limitation of \$300 million is placed on new loans and guarantees to the U.S.S.R. Of this amount, none can be used for equipment and services for the production (including processing and distribution) of fossil fuel energy resources. Not more than \$40 million of the \$300 million should be for support of any product or service which involves research or exploration of fossil fuel energy resources. The \$300 million can be increased if the President determines it's in the national interest, reports such determination to Congress with reasons and gives the amount of such increase which would be available for development of fossil fuel energy resources, and if the Congress adopts a concurrent resolution approving such determination.

3. No financing support can be extended to the U.S.S.R. until the Trade Reform Act becomes law.

4. No loan of \$60 million or more to any country worldwide and no loan, financial guarantee or combination thereof which equals or exceeds \$25 million for research, exploration or production of fossil fuel energy resources in the U.S.S.R. may be approved by the Bank unless the Bank submits to the Congress 25 days before final approval a description of the purpose of the transaction, the identity of the parties requesting the loan, the nature of the goods to be exported and the reasons for the Bank's financing, including the amount and the approximate rates and terms.

5. Places the receipts and disbursements of the Bank back in the totals of the United States budget as of the close of September 30, 1976.

CHANGES IN EXISTING LAW

Pursuant to Clause 3, Rule XXI of the House of Representatives, the following statements are submitted describing the effect of provisions in the accompanying bill which directly or indirectly change the application of existing law.

1. In just about all cases, the Committee has recommended reductions in the amounts authorized for the various foreign aid programs. Whether these actions constitute a change in the application of existing laws is subject to individual interpretation but the Committee felt this fact should be mentioned.

2. By including the proviso on page 2 of the bill under the Population planning and health item, the Committee has placed a limit on funds which can be used for population purposes in fiscal year 1975 of \$100,000,000. The Foreign Assistance Act of 1961, as amended, provides that \$150,000,000 shall be available for these purposes in fiscal year 1975. Therefore, the Committee has reduced or changed the authorization earmarking provision.

3. By including the proviso on page 4 of the bill under the International organizations and programs item, the Committee has placed a limit on funds which can be used for the United Nations Children's Fund in fiscal year 1975 of \$15,000,000. The Foreign Assistance Act of 1961, as amended, provides that \$18,000,000 shall be available for this purpose in fiscal year 1975. Therefore, the Committee has reduced or changed the authorization earmarking provision.

4. On page 4 of the bill under the American schools and hospitals abroad (special foreign currency program) item, the Committee included language that would make the funds "no year" funds and the Foreign Assistance Act of 1961, as amended, did not provide for such "no year" availability.

5. By including the proviso on page 5 of the bill under the Famine or disaster relief assistance item, the Committee has placed a limit on funds which can be used for disaster relief for Cyprus in fiscal year 1975 of \$20,000,000. The Foreign Assistance Act of 1961, as amended, provides that not less than \$25,000,000 shall be available for this purpose in fiscal year 1975. Therefore, the Committee has reduced or changed the authorization earmarking provision.

6. On page 6 of the bill the Committee has included a paragraph providing for the transfer of funds from the Department of State Appropriation Act of 1975 in the amount of \$15,600,000. These funds would be used to make the required payment to the Foreign Service retirement and disability fund to cover Agency for International Development personnel and have already been appropriated in the above mentioned Act. Therefore, the paragraph would change the application of existing law.

7. On page 14 of the bill the Committee has included a provision (section 115) requiring the President to immediately enter into negotiations with each member of the Organization of Petroleum Exporting Countries which has any outstanding debt arising from any loan made by the United States with the purpose of accelerating the repayment of such debt. Therefore, the provision would change the application of existing law.

TRANSFER OF FUNDS

Pursuant to Clause 1(b), Rule X of the House of Representatives, the following statement is submitted describing the transfer of funds provided in the accompanying bill.

On page 6 of the bill the Committee has included a paragraph providing for the transfer of funds to make a required payment to the Foreign Service retirement and disability fund.

The Foreign Assistance Act of 1973 provided authority for AID personnel to participate in the Foreign Service Retirement and Disability System which created a requirement to make payments to the Foreign Service Retirement and Disability Fund to cover unfunded liability for the people transferred into the system. In the fiscal year 1975 Department of State appropriation, \$15,600,000 was provided to cover AID employees but due to a prohibition placed in the State Department Authorization Act, 1975, these funds are presently unable to be used. The language included in the accompanying bill would transfer the \$15,600,000 out of the State Department appropriation and make it available for payment to the fund in fiscal year 1975 along with \$480,000 transferred from development assistance funds.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in connection with any appropriation bill are recommended:

On page 3, in connection with "Selected development problems, Development Assistance":

* * *, of which not more than \$250,000 shall be available for the National Association of the Partners of the Alliance, Inc.

On page 3, in connection with "Loan allocation, Development Assistance":

Loan allocation, Development Assistance: Of the new obligational authority appropriated under this Act to carry out the provisions of sections 103-107, not less than \$175,000,000 shall be available for loans.

On page 4, in connection with "International organizations and programs":

* * *, of which not more than \$15,000,000 shall be available for the United Nations Children's Fund: *Provided, That none of the funds appropriated or made available pursuant to this Act shall be used to supplement the funds provided to the United Nations Development Program in fiscal year 1974.*

On page 5, in connection with "Famine or disaster relief assistance":

Famine or disaster relief assistance: For necessary expenses to carry out the provisions of section 639, \$30,000,000: Provided, That of the funds appropriated under this paragraph, \$20,000,000 shall be allocated to Cyprus.

On page 5, in connection with "Assistance to Portugal and Portuguese colonies in Africa gaining independence":

Assistance to Portugal and Portuguese colonies in Africa gaining independence: For necessary expenses to carry out the provisions of section 496, \$20,000,000: Provided, that of the funds appropriated under this paragraph, not less than \$5,000,000 shall be allocated for the Cape Verde Islands, and not less than \$5,000,000 shall be allocated for Mozambique, Guinea-Bissau, and Angola.

On page 6, in connection with "Transfer of funds: Payment to the Foreign Service Retirement and Disability Fund":

Transfer of funds: Payment to the Foreign Service Retirement and Disability Fund: For payment to the "Foreign Service retirement and disability fund," as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 1105-1106), \$16,080,000, of which \$15,600,000 is to be derived from the appropriation provided to the Department of State under this heading in the Department of State Appropriation Act, 1975, and \$480,000 is to be derived by transfer from funds made available for development assistance for fiscal year 1975.

On page 8, in connection with the "Middle East special requirements fund":

Middle East special requirements fund: For necessary expenses to carry out the provisions of section 901 and section 903 of the Foreign Assistance Act of 1961, as amended, \$100,000,000.

On page 8, in connection with "Security supporting assistance":

Provided, That of the funds appropriated under this paragraph, not less than \$324,500,000 shall be allocated to Israel and not less than \$250,000,000 shall be allocated to Egypt.

On page 14, in connection with "General Provision":

SEC. 115. It is the sense of the Congress that the President should immediately enter into negotiations with each member of the Organization of Petroleum Exporting Countries which has any outstanding debt arising from any loan under the Foreign Assistance Act of 1961, any sale under the Foreign Military Sales Act, any loan under the Export-Import Bank Act of 1945, or any other loan made by the United States, in order to accelerate the repayment of each such debt. The President shall report to the Congress not later than June 30, 1975, concerning any negotiations entered into under this section.

On page 16, in connection with "Migration and refugee assistance":

Provided, That no funds herein appropriated shall be used to assist directly or indirectly in the migration to any nation of any person not having a security clearance based on reasonable standards to insure against Communist infiltration.

SEPARATE VIEWS OF HON. CLARENCE D. LONG

INDIA—THE STRANGE CASE OF WASTED BILLIONS

My recent trip to India to inspect development projects has confirmed my views that (1) huge foreign aid to India over the past two decades has had little or no beneficial effect, (2) India's distorted development strategy has frustrated the bettering of the lives of India's hundreds of millions and (3) the United States should insist, as a condition of further aid, that India shift its focus from military build-up and capital-intensive industry to programs to utilize the idle time of India's small farmers and rural poor and to show them how to achieve enough agricultural output to clothe and feed India.

INDIA'S POOR ECONOMIC PERFORMANCE

Since FY 1953 the United States and multilateral donors such as the World Bank Group have provided India with over \$13.5 billion in foreign aid, of which the U.S. has given \$9.3 billion. Because the U.S. is also the largest single contributor to the World Bank and to the International Development Association (IDA), we have provided a large part of the remaining \$4.2 billion.¹ This \$13.5 billion figure does not include bilateral aid to India from Western European countries and Communist nations whose aid would push the aid total from all sources since 1953 over \$20 billion.

What has been the net economic impact of all this help? During the years from 1960 to 1973 when this aid was being transferred, real gross national product (1972 dollars) increased from \$39 billion to about \$62 billion—a 57% increase. Population growth diluted this increase so that real per capita income barely rose, from \$87 in 1960 to \$102 in 1973—an annual average increase of only 1.2 percent. But this increase, modest though it is, seems to be the most favorable statistical comparison, since the size of the increase varies widely depending on the choice of years to be compared. If comparison is made for 1964-72, real per capita income recorded no significant increase at all (\$97 in 1964 and \$98 in 1972). From 1964 to 1965, real per capita income fell, from \$97 to \$91.² The aleatory nature of these increases is traceable to the dependence of India's gross national product on agricultural production, always at the mercy of crop failures. The great majority of rural people in India have lived and continue to live, precariously, often sick and always hungry.

At the heart of India's economic problem is food production, and here again population growth presents serious frustrations. Although

¹ "U.S. Overseas Loans and Grants and Assistance from International Organizations, Obligations and Loan Authorization July 1, 1945-June 30, 1973," Statistics and Reports Division, Agency for International Development (AID), May, 1974, pp. 16 and 179. Fiscal years 1974 figures from AID.

² "Gross National Product—Growth Rates and Trend Data by Region and Country," Statistics and Reports, Division, AID, May 1, 1974, p. 10.

from the 1962-63 to the 1973-74 crop years, total food grain production in India increased from 80 million metric tons to 104 million metric tons, annual food production for the average person barely increased at all—from 169 kilograms (kg.) to 172 kg.—although per capita production did reach 192 kg. in 1970-71. From the 1964-65 to the 1973-74 crop years, per capita production even fell—from 181 kg. (398.2 lbs.) to 172 kg. (378.1 lbs.) yielding barely more than one pound of food per person per day.³

INDIA'S DISTORTED SPENDING PRIORITIES

Why has economic progress in India, especially for the rural population proceeded so slowly?

It is often argued that India's problem is a lack of resources. This need not be a hindrance, even if it were true. In the developing world, there have been instances of impressive economic development with no resources other than labor and entrepreneurial talent. Hong Kong and Singapore, for example, have no mineral or agricultural resources to speak of, and yet their per capita incomes of \$1096 and \$1430, respectively, are in the high range among all the world's nations—an order of magnitude above the Indian per capita income of \$102.⁴

But India does not (repeat *not*) lack resources. On the contrary, her natural wealth is impressive: wide plains of fertile land, billions of tons of coal and iron ore, immense hydro-electric potential, proven quantities of uranium and petroleum. Why are Indian reserves of natural resources not being exploited?

A partial answer lies in an examination of Indian budget priorities. Over the past 5 years (fiscal year 1969-74),⁵ while the U.S. and the international aid institutions were contributing \$3.3 billion in aid,⁶ purportedly to develop this potential, India was spending \$9.8 billion on its arms establishment. The following table details these Indian budget priorities:

INDIAN BUDGET EXPENDITURES—SELECTED SECTORS

| Sector | Fiscal year— | |
|--------------------------------------------------------|------------------|-----------------|
| | 1970-74 | 1974 only |
| Industry, transportation, and communications | \$11,100,000,000 | \$2,700,000,000 |
| Military | 9,800,000,000 | 2,400,000,000 |
| Agriculture, irrigation and flood control ¹ | 4,600,000,000 | 1,300,000,000 |
| Education | 1,000,000,000 | 275,000,000 |
| Health and family planning | 750,000,000 | 187,500,000 |

¹ Expenditures for the sector of irrigation and flood control are decreased by 20 percent to subtract expenditures on flood control that are not directly related to agriculture.

Sources: Military spending figures from USAID. Other spending figures from "Economic Survey 1973-74," Government of India publication, p. 76 (rupee figures converted to U.S. dollars at a rate of 8 to 1).

Although food is India's greatest need and India in the current fiscal year (FY 1975) is spending precious foreign exchange for 8-10 million tons of food imports, just to keep people alive, the above table

³ Office of Statistics and Reports, AID.

⁴ "East Asia, Economic Growth Trends," Statistics and Reports Division, AID, October, 1974, p. 10.

⁵ Note: Indian fiscal year runs from April 1 through March 31.

⁶ *op. cit.*, pp. 16 and 179.

⁷ "U.S. Overseas Loans and Grants and Assistance from International Organization,"

reveals that India has not given priority to agriculture—far from it. Spending on the combined industry-infrastructure category (Industry, Transportation & Communications, Power) is highest, followed by arms spending. Agriculture is a poor third. Budget allocations to education and to health and family planning—important to productivity and control of the number of mouths to feed—lag far behind.

Over the last 10 years (fiscal years 1965-74), while India was receiving \$7.6 billion in foreign aid from the U.S. and from international financial institutions, it chose to spend \$16.4 billion on its military.⁷ The net consequences are that foreign aid has served principally to help finance India's military build-up, for without such huge infusions of foreign capital, India could scarcely have allocated as large a part of its meager resources to its military. From another perspective, if India had cut its defense spending in half, it could have dispensed entirely with aid from the U.S. and international financial institutions and completely financed its own aid program.

INDIA'S NUCLEAR PROGRAM AND U.S. AID

Since 1954, the State Department estimates, India has spent \$1.2 billion on its nuclear research and development program—both civilian and defense aspects.⁸ During this time, the United States has trained 1,104 Indians in nuclear physics and related fields and in 1963 extended a \$72 million loan (¾ percent interest, repayment over 40 years) for the Tarapur nuclear power plant serving the Bombay area.⁹

India has coal in the ground equivalent to that of North America. However, USAID's economic analysis of the Tarapur loan justifies the choice of nuclear power against a fossil fuel-powered plant for Tarapur by saying that the nearest coal field was "about 500 to 600 miles away."¹⁰ Aid advocates never tire of espousing India's need for foreign exchange to finance indispensable imports. Yet the Tarapur nuclear plant was estimated to require over 3 times more foreign exchange in annual costs than a coal-powered plant and 44% more foreign exchange in construction costs.

FOREIGN EXCHANGE COSTS—ALTERNATIVE POWERPLANTS

| Type of plant | Total annual costs in foreign exchange ¹ | Total construction costs in foreign exchange |
|--------------------|-----------------------------------------------------|----------------------------------------------|
| Nuclear plant | \$9,700,000 | \$77,000,000 |
| Oil-powered plant | 10,200,000 | 35,000,000 |
| Coal-powered plant | 3,000,000 | 43,000,000 |

¹ Assuming 70 percent plant capacity factor.

Source: AID economic analysis for the Tarapur loan, fiscal year 1975, Foreign Operations Appropriations Subcommittee hearings, pt 2, p. 321.

In addition, these cost estimates were based on operation at 70 percent capacity, despite the fact that U.S. nuclear power plants, for all our sophistication in nuclear power, have not been able to achieve this level of efficiency. In 1974, U.S. nuclear power plants over 200 mega-

⁷ Office of Statistics and Reports, AID.

⁸ Bureau of Intelligence and Research, State Department.

⁹ "Foreign Assistance and Related Agencies Appropriations for 1975," Foreign Operations Appropriations Subcommittee, Part 2, pp. 72 and 321.

¹⁰ *Ibid.*, p. 321.

watts operated at an average capacity of 57.2 percent. The Tarapur plant has not even reached this modest level of operations. In 1973 its average capacity was 55 percent, and in November 1974, and January 1975, the Tarapur plant was operating at levels of 48 percent and 42 percent, respectively.¹¹

A large off-shore oil field near Bombay, known to exist for a decade, is finally coming into production and is estimated to be capable of producing 10 million tons of oil annually by 1980—approximately half of India's current oil needs.¹² This and other promising oil explorations make the continued development of nuclear power in India—requiring substantial foreign exchange for uranium enrichment—all the less understandable from an economic viewpoint.

INDIAN AGRICULTURE

After two decades of foreign aid, India must still import food to feed itself, despite the fact that four-fifths of its population devotes itself to agriculture. One factor hurting agricultural production admittedly has been erratic rainfall (too little in some areas and too much in others). But uneven rainfall is not new to, or found only in, India. The trouble is that India did not make provision for this and other factors.

One of the neglected factors is fertilizer. Fertilizer use for the 1973-74 crop year was estimated to have been only 2.8 million metric tons, about 1 million tons short of the estimated need. In years of low fertilizer prices, India imported its needs and made little effort to increase domestic fertilizer production. Indian fertilizer plants for years have been operating at low capacity for a variety of reasons, including electricity shortages (caused by low rainfall and transportation bottlenecks in coal delivery), faulty equipment, labor problems, and poor management. With introduction of high-yielding wheat varieties, fertilizer need jumped dramatically, requiring higher fertilizer imports than before. Sharply higher fertilizer prices (resulting from higher oil and phosphate prices) have increased the foreign exchange drain from fertilizer imports as well as making supplies scarce in India.¹³

A second factor has been difficulties with the so-called Green Revolution. The introduction of high-yielding varieties of wheat has not been accompanied by the successful introduction of high-yielding rice varieties. Whereas the great majority of wheat production now comes from the high-yielding hybrid varieties, the great majority of rice production does not. An ominous development in wheat areas has been the appearance of yellow and brown wheat rust in hybrid wheat. This development suggests that either the Indians are not developing new hybrid wheat strains that are immune to wheat rust, or they are not distributing to the farmers high quality hybrid seeds of new strains that are developed.¹⁴

¹¹ International Programs Division, Energy Research and Development Administration.

¹² "India: An Aggressive Hunt for Domestic Oil," *Business Week*, February 24, 1975, p. 44.

¹³ "Indian Fertilizer Study," Foreign Agricultural Service, U.S. Department of Agriculture (USDA), May 20, 1974, enclosures 1 and 7.

¹⁴ Wolf Ladejnsky, "How Green Is India's Green Revolution," *Economic and Political Weekly* (India), December 29, 1973, p. A-139.

A major reason why India has not grappled with these and other agricultural problems has been that U.S. food aid has relieved India from the feeling of necessity to do so. Since 1956, under the Food for Peace program, the United States has given, or loaned on virtually gift terms, to India 59.4 million metric tons of foodstuffs valued at \$4.3 billion.¹⁵

As the table below illustrates, under the Public Law 480 (Food for Peace) program the U.S. supplied 80 percent of India's total food imports from fiscal year 1965 to fiscal year 1968. Although Public Law 480 shipments to India dropped considerably after fiscal year 1968, U.S. food aid in fiscal year 1970 and fiscal year 1971 still furnished over half of total Indian food imports. Forecasts for fiscal year 1975 estimate India's food import needs at 8-10 million metric tons, half of it to be bought from the U.S.¹⁶

U.S. P.L. 480 SHIPMENTS TO INDIA COMPARED TO TOTAL FOOD IMPORTS

| | Fiscal year— | | | | | | |
|-------------------------------------------------------------|--------------|-------|-------|-------|-------|-------|-------|
| | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 |
| Total Indian food imports (1,000's of metric tons)..... | 6,878 | 9,720 | 9,245 | 8,427 | 4,466 | 3,933 | 2,947 |
| U.S. Public Law 480 shipments (1,000's of metric tons)..... | 6,478 | 8,266 | 6,201 | 6,406 | 154 | 2,332 | 1,518 |
| U.S. Public Law 480 shipments as percent of total imports.. | 94 | 85 | 67 | 76 | 3 | 59 | 52 |

Source: Foreign Agricultural Service, USDA.

Thus, during most of the past decade, U.S. food aid has lulled the Indian government into depending on U.S. food stocks to prevent or ameliorate famine, and thus freeing India from immediate pressure to come to grips with its agricultural problems. It is now clear from the food shortages of the last two years—both U.S. and world-wide—that this dependence cannot continue indefinitely and that our past food aid, far from being a blessing, was a vast disservice. For every million Indians saved from hunger in past decades, scores of millions may starve in future decades.

CONCLUSIONS—A NEW POLICY FOR INDIA

What is the answer to India's plight? To offer a complete solution would be presuming, but my recent, second visit to India makes clearer to me than before that India can never solve its problems or even keep them from getting worse, without an abrupt turnaround in Indian development policies and in our own foreign aid policies.

Costly infusions of foreign aid and foreign capital for India can never be the answer so long as precious investment capital is wasted on arms and soaked up by population growth. It is hard to disagree with economist Paul Streeten (*The Frontiers of Development Studies*):

The preoccupation with capital makes the solution of the development problem appear both easier and more difficult; easier, because it suggests that if only more capital were provided from abroad, growth would be accelerated; more difficult, because it neglects the numerous ways in which out-

¹⁵ Foreign Agricultural Service, USDA.

¹⁶ *Ibid.*

put can be raised without any, or without substantial, capital expenditure.¹⁷

Proponents of continuing massive aid for India argue it is the only way to build the infrastructure of roads, dams, bridges, and power plants and that these are the only way it is possible to develop. But as economist P. T. Bauer says in *Dissent on Development*:

Nor is it true that a substantial infrastructure is a precondition of development. The infrastructures of highly developed economies represent substantial capital, which has absorbed much of total investment over decades or even centuries. The suggestion that a ready-made infrastructure is necessary for development ignores the fact that the infrastructure develops in the course of economic progress, not ahead of it.¹⁸

ECONOMIC PROGRESS OR MILITARY PRESTIGE?

India's \$2 billion and more in annual military expenditures suggest that India's leaders have sought military prestige in preference to improvement in the lot of their people. The Indian government argues that its military budget, a very large outlay in relation to the capital available for economic and social development, is necessary for defense. Yet India has no major enemies except China, and few Indians with whom I talk claim seriously that China would try to conquer India. The Chinese have enough problems on the home front with their own economic development and on the military front with the Soviet Union. India's current antagonist, Pakistan, has a tenth of India's population and, while occasionally troublesome from an Indian point of view, can scarcely be considered so dangerous a threat as to warrant giving up development in order to meet it.

SHIFTING RESOURCES TO HELP THE POOR

India must shift resources toward agriculture and population control, away from military spending and large, prestigious capital projects. Heavy industry and large infrastructure projects (which U.S. aid has helped finance) use so much capital relative to labor that they can never offer a dream of absorbing the workers diverted from agriculture or coming into the labor force from high population growth.

The most casual visitor to India has to be overwhelmed with the need for population control. Contraceptives have been thrust on bewildered Indians by the millions but somehow to no avail. Flashy charts and elaborate briefings offered to visitors are belied by thousands of children crowding around the briefing to see what the excitement is all about. What is lacking is motivation; the average Indian has not yet been made to understand the imperative to limit births in terms meaningful to his own personal life.

But in addition to control of birth rates, the solution to India's rural poverty and food production problems lies in increasing productivity *per acre* of India's millions of 2- and 3-acre farmers and getting the increased production to market.

¹⁷ Paul Streeten, *The Frontiers of Development Studies*, The Macmillan Press Ltd., London, 1972, p. 188.

¹⁸ P. T. Bauer, *Dissent on Development*, Weidenfeld & Nicholson, London, 1971, p. 111.

Certain observers, who have taken the trouble to see at first hand how smallholders in India and elsewhere work, have concluded that small farmers—if given equal access to water, credit, inputs such as fertilizer and pesticide and if given an incentive price for what they sell—can be more productive *per acre* than larger farmers.¹⁹ Our former Ambassador to India, Daniel Patrick Moynihan, has said that India's great plain, cultivated properly, could feed not only India, but all the world.²⁰

HARNESSING THE GREATEST RESOURCE—IDLE TIME

India's most abundant and obvious resource for development is idle time. The traveler through India in December or January sees 1 person in 20 working at any given moment—the vast majority frittering their time in sitting, sauntering, and gossiping. The unused time of hundreds of millions of Indians offers an enormous source of real savings if it can be harnessed. Utilizing this idle time calls for leadership and for willingness to divert the billions of dollars now spent on arms and heavy machinery to the kind of materials and equipment needed to give small farmers and others something to work for and something to work with—especially in off seasons.

Mr. Ernst Schumacher, organizer of the British Intermediate Technology Development Group, Limited, describes in a recent article how his organization has devised the means by which the use of idle time in developing countries can be increased and how scarce capital can be saved.

In regard to village life, Mr. Schumacher writes:

Anyone can see that for some time nobody has anything to do; the village is idle. Then comes the month when everybody is out in the fields—men, women, grandpa, grandma, and babies. After that, there is nothing much to do, and then comes another little peak. The characteristic curve varies from place to place, particularly when there is double cropping. We say that unless we can break through at the peak of the curve with some mechanical help, you are stuck. This determines what sort of equipment is actually needed.²¹

Increasing agricultural output can be useless if it cannot be transported to market. In Malawi, East Africa, Intermediate Technology, Ltd., came up with a simple Scottish oxcart design which local craftsmen could construct, with metal parts tooled from wrecked automobiles.²²

In order to bend metal around the wooden wheels of oxcarts, Schumacher's group found from early France an example of a tool for metal bending and had the tool redesigned and improved by England's National College of Agricultural Engineering. With this tool (cost, about \$17), any village blacksmith in Africa or elsewhere can now bend metal around a wooden wheel with human power, thus eliminating the need for electricity.²³

¹⁹ Richard B. Reidinger, "Institutional Rationing of Canal Water in Northern India: Conflict Between Traditional Patterns and Modern Needs," *Economic Development and Cultural Change*, Vol. 23, No. 1, October, 1974, p. 102 (especially footnote 45).

²⁰ "Indo-U.S. relationship 'too thin,' says Moynihan," *Motherland*, New Delhi, January 17, 1975, p. 6.

²¹ Ernst F. Schumacher, "Intermediate Technology," *Center Magazine*, January/February, 1975, p. 46.

²² *Ibid.*, pp. 47-48.

In Zambia, Intermediate Technology, Ltd., found from designing a much smaller machine to produce egg cartons than hitherto available that the capital output ratio is just as good on the small scale, the one thing that no engineer would believe and most economists will not believe.²⁴

The idea of intermediate technology has been tried successfully on a small scale in many countries. Why has it not caught on on a large scale for the huge developing continents such as India? Schumacher relates that when he talked about intermediate technology with Indian officials, he received a very bad reception, even though he had been invited to India by the Prime Minister to offer advice on rural development:

I was accused of being an imperialist, a fascist, a racist, a beast who had come to India to keep the country down and to withhold—as if I could withhold anything—the glories of modern technology.²⁵

Is it possible that the concept of intermediate technology is not congenial. Not congenial to developed countries because it is too cheap? Because it does not promise great profits to the industrial complexes of the aid-giving countries? Not congenial to the influential business classes of the developing countries because it does not offer the opportunities to divert to their own profit some of the huge sums going to dams, port development, roads, and steel mills? Is it possible too that this concept has not caught on because anything unconventional is hard work and uncongenial to the aid bureaucracy?

Developing this kind of technology requires innovative thought, patience, and hard work to solve the myriad problems which crop up along the way. Innovative thought, hard work, and patience are always and everywhere in short supply. Thus, it may be mainly because of human and political, rather than physical, obstacles that harnessing idle time by intermediate technology has not been given a real trial.

Whatever the reasons why this strategy has not caught on in the past, it is clear that it is the only future hope for the billions of poor people in India and in the developing world. Under India's current development strategy, no amount of investment capital could be amassed to make productive use of the idle time of Indians so as to raise appreciably their standards of nutrition and health. Not all the wealth of the United States or the riches of the oil-producing countries—even if devoted entirely to foreign aid and even if concentrated entirely in India—could accomplish this aim.

The only alternative is a total turn-around in Indian development policies and a total change-over in foreign aid policy to shift the emphasis in India and around the underdeveloped world from the kind of heavy capital use that creates more idleness to the small-scale technology that can make effective use of this idleness. Without this turn-around, the long-run prospect is for even far greater human misery than the world has so far witnessed in its long, unhappy history.

CLARENCE D. LONG.

DISSENTING VIEWS OF HON. DAVE OBEY

I am voting against the Foreign Assistance Appropriation, as I did against the authorization bill. Although the appropriation is a considerable improvement over the authorization, this is still not the type of foreign aid program that I can support.

I am not opposed to appropriating the approximately \$1.5 billion included in this bill for economic development, participation in various international development projects, refugee and relief assistance and contributions to international development banks. I think that helping other nations to increase agricultural production, educate their youth, improve health and sanitary conditions, control population growth and develop their economies are constructive activities which meet humanitarian needs as well as contribute to long-range peace and stability in the world. I regret that these worthy assistance programs are not separated from the objectionable types of foreign aid so I could cast my vote for them.

My opposition to this bill is related to the magnitude of the approximately \$2 billion appropriated for military, security and political assistance. With the exception of aid to Israel and several others, I believe the total amount of assistance in these categories is excessive, that the aid is indiscriminately handed out to too many countries and that much of it actually contributes very little to the purported goal of maintaining "free world security and freedom." I have particularly strong reservations to the following features of this bill:

1. The extension of giveaway military aid and subsidized military credit sales to some fifty countries in all parts of the globe is patently absurd. The majority of countries receiving this aid are not mutual defense treaty allies of the United States and are not militarily or strategically important to us. The weapons and armed forces training assistance we provide does not, in many cases, further U.S. political or economic interests. What it does do, in all too many cases, is prop up unpopular, repressive military dictatorships, identify us with the wrong elements in many societies, stimulate arms races between neighbors and embroil the U.S. in the internal political affairs of other nations.

2. Of the money appropriated in this bill, Jordan is to receive approximately \$75 million and Israel an estimated \$100-150 million as cash grants for so-called "budgetary support." This means that, unlike other types of foreign aid which we appropriate for specific projects and programs, we are simply going to hand these governments bundles of cash without having any specific idea as to how, where and for what they are going to spend it. This procedure inevitably reinforces the already too prevalent public opinion that we don't really know where our foreign aid dollars are going, that we just throw foreign aid dollars at a problem rather than providing them for specific programs. It fur-

²⁴ *Ibid.*, p. 46.

²⁵ *Ibid.*, p. 46-47.

²⁶ *Ibid.*, p. 43.

ther and unnecessarily erodes the already low level of public support for foreign assistance in general.

If we are going to win the public confidence which will be needed to sustain foreign assistance, we must be able to assure our taxpaying constituents that we are observing minimum standards of accountability in appropriating funds for it, that we can at least tell them in fairly specific terms where their dollars will be spent. I know that there are some who will prefer to ignore these hard facts and will even suggest that those who raise such questions are "anti-Israel." I can only say to them that they are wrong on both counts. I believe that the governments of King Hussein and Prime Minister Rabin are responsible and that they genuinely need outside assistance to meet the extraordinary burdens placed on them by the situation in the Middle East. However, I see no reason why we cannot give them this assistance in a manner which enables us to meet our responsibilities to the American public and which avoids damaging the credibility of the entire foreign aid program.

3. In appropriating funds for Foreign Military Credit Sales (Title II), this bill provides that Israel will be forgiven repayment of \$100 million of the \$300 million earmarked for it. In other words, this \$100 million is really not a loan. It is a grant of military material assistance. If Israel needs this assistance—and they probably do—I say let's give it to them. But I see no justification for resorting to such fiscal sleight-of-hand in order to do so. I agree fully with Chairman Passman who stated in our hearings on this bill that:

It would have been far more desirable and understandable, even though I am supporting the \$300 million credit sales for Israel, had the \$100 million in grant aid been in the MAP program because it is the category it should have fallen in because it is grant military assistance * * *. Employing questionable and confusing devices of this sort can only further erode the credibility of the foreign aid program and public support for it.

4. The appropriation in this bill for the administrative overhead of our aid agency, estimated at approximately \$220 million, seems unduly large considering that those funds come primarily from the \$772 million in new obligatory authority for "economic assistance." I, therefore, applaud the Committee's recommendation that a separate "operating expense" account be created as a first step in bringing these expenditures under closer scrutiny and control.

I would like to commend the Committee for its decision to pass over the budget amendment requesting \$222 million in additional assistance for Cambodia. In my opinion, it would have been highly improper and imprudent for the Committee to have dealt with this request in the absence of action by the Congress to authorize additional assistance and lift legally ceilings on aid to Cambodia.

DAVE OBEY.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND BUDGET ESTIMATES
FOR 1975**

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—TRUST FUNDS

[Becomes available automatically under earlier, or "permanent" law without further, or annual, action by the Congress. Thus, these amounts are not included in the accompanying bill]

| Agency and item (1) | New budget (obligational) authority, 1974 (2) | Budget estimate of new (obligational) authority, 1975 (3) | Increase (+) or decrease (-) (4) |
|-------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------|
| Economic assistance: Technical assistance: U.S. dollars advanced from foreign governments | \$4, 893, 000 | \$6, 000, 000 | +\$1, -107, 000 |
| Military assistance: Advances, foreign military sales (contract authorization) | 7, 731, 380, 000 | 6, 700, 000, 000 | -1, 031, 380, 000 |
| Action: Miscellaneous trust funds | 273, 000 | 272, 000 | -1, 000 |
| Total, permanent new budget (obligational) authority, trust funds | 7, 736, 546, 000 | 6, 706, 272, 000 | -1, 030, 274, 000 |

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND BUDGET ESTIMATES FOR 1975

[Note: All amounts are in the form of "appropriations" unless otherwise indicated]

| Item (1) | New budget (obligational) authority, fiscal year 1974 (includes supp.) (2) | Budget estimates of new (obligational) authority, fiscal year 1975 (3) | New budget (obligational) authority recommended in the bill (4) | Bill compared with— | |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| | | | | New budget (obligational) authority, fiscal year 1974 (includes supp.) (5) | Budget estimates of new (obligational) authority, fiscal year 1975 (6) |
| TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES | | | | | |
| FUNDS APPROPRIATED TO THE PRESIDENT | | | | | |
| ECONOMIC ASSISTANCE | | | | | |
| Food and nutrition, development assistance..... | \$284, 000, 000 | \$546, 300, 000 | \$234, 000, 000 | -\$50, 000, 000 | -\$312, 300, 000 |
| Population planning and health, development assistance..... | ¹ 135, 000, 000 | 145, 000, 000 | ²⁴ 115, 000, 000 | -20, 000, 000 | -30, 000, 000 |
| Education and human resources development, development assistance..... | 89, 000, 000 | 90, 000, 000 | 82, 000, 000 | -7, 000, 000 | -8, 000, 000 |
| Selected development problems, development assistance..... | 40, 500, 000 | 53, 000, 000 | ²⁸ 37, 000, 000 | -3, 500, 000 | -16, 000, 000 |
| Selected countries and organizations, development assistance..... | 36, 500, 000 | 39, 000, 000 | 30, 000, 000 | -6, 500, 000 | -9, 000, 000 |
| | | | | | |
| Subtotal, development assistance..... | 585, 000, 000 | 873, 300, 000 | 498, 000, 000 | -87, 000, 000 | -375, 300, 000 |
| Loans..... | ² (285, 000, 000) | (433, 000, 000) | (175, 000, 000) | (-110, 000, 000) | (-263, 000, 000) |
| Grants..... | (300, 000, 000) | ¹⁵ (435, 300, 000) | ²⁰ (323, 000, 000) | (+23, 000, 000) | (-112, 300, 000) |
| International organizations and programs..... | ³ 125, 000, 000 | 153, 900, 000 | ²¹ 115, 000, 000 | -10, 000, 000 | -38, 900, 000 |
| United Nations Environment Fund..... | 7, 500, 000 | 10, 000, 000 | 5, 000, 000 | -2, 500, 000 | -5, 000, 000 |
| American schools and hospitals abroad..... | 19, 000, 000 | ²⁰ 19, 000, 000 | 17, 500, 000 | -1, 500, 000 | -1, 500, 000 |
| American schools and hospitals abroad (special foreign currency program)..... | (6, 500, 000) | (6, 500, 000) | (6, 500, 000) | | |
| National Association of the Partners of the Alliance..... | 750, 000 | | (²²) | -750, 000 | |
| Indus Basin Development Fund, grants..... | 9, 000, 000 | 14, 500, 000 | 9, 000, 000 | | -5, 500, 000 |
| Indus Basin Development Fund, loans..... | 2, 000, 000 | 200, 000 | 200, 000 | -1, 800, 000 | |
| United Nations Relief and Works Agency (Arab refugees)..... | 2, 000, 000 | | | -2, 000, 000 | |
| Albert Schweitzer hospital..... | 1, 000, 000 | | | -1, 000, 000 | |
| Contingency fund..... | 15, 000, 000 | 30, 000, 000 | 5, 000, 000 | -10, 000, 000 | -25, 000, 000 |
| International narcotics control..... | 42, 500, 000 | 42, 500, 000 | 27, 500, 000 | -15, 000, 000 | -15, 000, 000 |

See footnotes at end of table, p. 61.

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**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND BUDGET ESTIMATES
FOR 1975—Continued**

| Item (1) | New budget (obligational) authority, fiscal year 1974 (includes supp.) (2) | Budget estimates of new (obligational) authority, fiscal year 1975 (3) | New budget (obligational) authority recommended in the bill (4) | Bill compared with— | |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| | | | | New budget (obligational) authority, fiscal year 1974 (includes supp.) (5) | Budget estimates of new (obligational) authority, fiscal year 1975 (6) |
| TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES—Continued | | | | | |
| FUNDS APPROPRIATED TO THE PRESIDENT—Continued | | | | | |
| ECONOMIC ASSISTANCE—CON. | | | | | |
| Famine or disaster relief assistance..... | ⁴ \$150,000,000 | ²⁸ \$40,000,000 | ²⁵ \$30,000,000 | -\$120,000,000 | -\$10,000,000 |
| African Sahel famine relief assistance..... | ⁵ 25,000,000 | ----- | ----- | -25,000,000 | ----- |
| Assistance to Portugal and Portuguese colonies in Africa gaining independence..... | ----- | ²⁹ 25,000,000 | ²⁶ 20,000,000 | +20,000,000 | -5,000,000 |
| Payment to the Foreign Service Retirement and Disability Fund (by transfer)..... | ----- | ²⁷ (16,080,000) | (16,080,000) | (+16,080,000) | ----- |
| Administrative expenses: | | | | | |
| AID..... | 40,000,000 | 45,000,000 | 40,000,000 | ----- | -5,000,000 |
| State..... | ⁶ 4,800,000 | 5,900,000 | 4,800,000 | ----- | -1,100,000 |
| Subtotal, economic assistance..... | 1,028,550,000 | 1,259,300,000 | 772,000,000 | -256,550,000 | -487,300,000 |
| | | | | | |
| INDOCHINA POSTWAR RECONSTRUCTION ASSISTANCE | | | | | |
| Indochina postwar reconstruction assistance..... | ⁸ 499,000,000 | 939,800,000 | 440,000,000 | -59,000,000 | -499,800,000 |
| MIDDLE EAST SPECIAL REQUIREMENTS FUND | | | | | |
| Middle East special requirements fund..... | ----- | ¹¹ 100,000,000 | 100,000,000 | +100,000,000 | ----- |
| SECURITY SUPPORTING ASSISTANCE | | | | | |
| Security supporting assistance..... | ⁹ 112,500,000 | ²² 660,000,000 | ²³ 660,000,000 | +547,500,000 | ----- |
| Subtotal..... | 1,640,050,000 | 2,959,100,000 | 1,972,000,000 | +331,950,000 | -987,100,000 |
| MILITARY ASSISTANCE | | | | | |
| Military assistance..... | ⁷ 450,000,000 | ¹⁹ 1,207,000,000 | 490,000,000 | +40,000,000 | -717,000,000 |
| OVERSEAS PRIVATE INVESTMENT CORPORATION | | | | | |
| Overseas Private Investment Corporation, reserves..... | 25,000,000 | 25,000,000 | ----- | -25,000,000 | -25,000,000 |
| INTER-AMERICAN FOUNDATION | | | | | |
| Inter-American Foundation (limitation on obligations)..... | (10,000,000) | (10,000,000) | (5,000,000) | (-5,000,000) | (-5,000,000) |
| Total, title I, new budget (obligational) authority, Foreign Assistance Act Activities..... | ¹⁰ 2,115,050,000 | ²³ 4,191,100,000 | 2,462,000,000 | +346,950,000 | -1,729,100,000 |

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND BUDGET ESTIMATES
FOR 1975—Continued**

[Note: All amounts are in the form of "appropriations" unless otherwise indicated]

| Item (1) | New budget (obligational) authority, fiscal year 1974 (includes supp.) (2) | Budget estimates of new (obligational) authority, fiscal year 1975 (3) | New budget (obligational) authority recommended in the bill (4) | Bill compared with— | |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| | | | | New budget (obligational) authority, fiscal year 1974 (includes supp.) (5) | Budget estimates of new (obligational) authority, fiscal year 1975 (6) |
| TITLE II—FOREIGN MILITARY CREDIT SALES | | | | | |
| Foreign military credit sales..... | \$325,000,000 | \$555,000,000 | \$300,000,000 | -\$25,000,000 | -\$255,000,000 |
| Total, titles I and II, new budget (obligational) authority..... | 2,440,050,000 | 4,746,100,000 | 2,762,000,000 | +321,950,000 | -1,984,100,000 |
| TITLE III—FOREIGN ASSISTANCE (OTHER) | | | | | |
| INDEPENDENT AGENCY | | | | | |
| ACTION—INTERNATIONAL PROGRAMS | | | | | |
| Peace Corps..... | \$77,000,000 | 82,256,000 | 77,000,000 | | -5,256,000 |
| DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE | | | | | |
| Assistance to refugees in the United States (Cuban program)..... | 129,000,000 | \$78,000,000 | 90,000,000 | -39,000,000 | +12,000,000 |
| DEPARTMENT OF STATE | | | | | |
| Migration and refugee assistance..... | \$9,779,000 | 9,470,000 | 9,420,000 | -359,000 | -50,000 |
| Assistance to refugees from the Soviet Union..... | 36,500,000 | \$40,000,000 | 40,000,000 | +3,500,000 | |
| FUNDS APPROPRIATED TO THE PRESIDENT | | | | | |
| INTERNATIONAL FINANCIAL INSTITUTIONS | | | | | |
| Asia Development Bank: | | | | | |
| Paid-in capital..... | | \$24,126,982 | | | -24,126,982 |
| Callable capital..... | | \$96,507,927 | | | -96,507,927 |
| Special funds..... | 50,000,000 | 50,000,000 | 50,000,000 | | |
| Subtotal, ADB..... | 50,000,000 | 170,634,909 | 50,000,000 | | -120,634,909 |
| Inter-American Development Bank: | | | | | |
| Paid-in capital..... | 25,000,000 | | | -25,000,000 | |
| Callable capital..... | 168,380,000 | | | -168,380,000 | |
| Funds for special operations..... | 225,000,000 | 500,000,000 | 150,000,000 | -75,000,000 | -350,000,000 |
| Subtotal, IDB..... | 418,380,000 | 500,000,000 | 150,000,000 | -268,380,000 | -350,000,000 |

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND BUDGET ESTIMATES FOR 1975—Continued

[Note: All amounts are in the form of "appropriations" unless otherwise indicated]

| Item (1) | New budget (obligational) authority, fiscal year 1974 (includes supp.) (2) | Budget estimates of new (obligational) authority, fiscal year 1975 (3) | New budget (obligational) authority recommended in the bill (4) | Bill compared with— | |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| | | | | New budget (obligational) authority, fiscal year 1974 (includes supp.) (5) | Budget estimates of new (obligational) authority, fiscal year 1975 (6) |
| TITLE III—FOREIGN ASSISTANCE (OTHER)—Continued | | | | | |
| FUNDS APPROPRIATED TO THE PRESIDENT—Continued | | | | | |
| INTERNATIONAL FINANCIAL INSTITUTIONS—Continued | | | | | |
| International Development Association----- | \$320,000,000 | \$320,000,000 | \$320,000,000 | | |
| Total, title III, new budget (obligational) authority, Foreign Assistance (other)----- | 1,040,659,000 | 1,200,360,909 | 736,420,000 | -\$304,239,000 | -\$463,940,909 |
| Total, titles I, II, and III, new budget (obligational) authority----- | 3,480,709,000 | 5,946,460,909 | 3,498,420,000 | +17,711,000 | -2,448,040,909 |

EMERGENCY SECURITY ASSISTANCE AND DISASTER RELIEF ASSISTANCE

| | | | | | |
|---------------------------------------------------------------------------------------------------------------|-----------------|--|--|----------------|--|
| Emergency security assistance for Israel----- | " 2,200,000,000 | | | -2,200,000,000 | |
| Emergency military assistance for Cambodia----- | " 150,000,000 | | | -150,000,000 | |
| Total, new budget (obligational) authority, Emergency security assistance and disaster relief assistance----- | 2,350,000,000 | | | -2,350,000,000 | |

TITLE IV—EXPORT-IMPORT BANK OF THE UNITED STATES

| | | | | | |
|------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|------------------|----------------|
| Limitation on program activity----- | (7,650,000,000) | (6,403,086,000) | (6,403,086,000) | (-1,246,914,000) | |
| Limitation on administrative expenses----- | " (9,180,000) | (10,242,000) | (10,242,000) | (+1,062,000) | |
| Total, title IV, Export-Import Bank of the United States, limitations on use of corporate funds----- | (7,659,180,000) | (6,413,328,000) | (6,413,328,000) | (-1,245,862,000) | |
| Grand total, new budget (obligational) authority, titles I, II, and III----- | 5,830,709,000 | 5,946,460,909 | 3,498,420,000 | -2,332,289,000 | -2,448,040,909 |

See footnotes at end of table, p. 61.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND BUDGET ESTIMATES FOR 1975—Continued

[Note: All amounts are in the form of "appropriations" unless otherwise indicated]

| Item (1) | New budget (obligational) authority, fiscal year 1974 (includes supp.) (2) | Budget estimates of new (obligational) authority, fiscal year 1975 (3) | New budget (obligational) authority recommended in the bill (4) | Bill compared with— | |
|------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| | | | | New budget (obligational) authority, fiscal year 1974 (includes supp.) (5) | Budget estimates of new (obligational) authority, fiscal year 1975 (6) |
| Reappropriation of unobligated balances: | | | | | |
| (a) Economic assistance..... | (\$26,640,000) | (\$46,645,000) | (\$46,645,000) | (+ \$20,005,000) | ----- |
| (b) Military assistance..... | (8,718,000) | (4,598,000) | (4,598,000) | (- 4,120,000) | ----- |
| (c) Security supporting assistance..... | (2,400,000) | (743,000) | (743,000) | (- 1,657,000) | ----- |
| (d) Indochina postwar reconstruction assistance..... | ----- | (134,000) | (134,000) | (+ 134,000) | ----- |

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¹ Placed a limitation of \$112,500,000 on the funds which could be used for programs relating to population growth.

² Not all of these funds were used for loans because certain operating expenses were included in the loan accounts. Actual loans amounted to about \$203,000,000.

³ Earmarked \$15,000,000 for the U.N. Children's Fund (UNICEF) and \$14,300,000 for the U.N. Relief and Works Agency (UNRWA).

⁴ The funds for this item were appropriated under title IV of the Foreign Assistance Appropriation bill, fiscal year 1974.

⁵ In addition, \$85,000,000 was provided for this purpose under the disaster relief assistance item.

⁶ Excludes transfer of \$119,000 as provided in the 2d Supplemental, 1974.

⁷ Excludes \$250,000,000 in defense stocks provided to Cambodia under sec. 506 of the Foreign Assistance Act of 1961, as amended (drawdown), \$150,000,000 appropriated under title IV of the Foreign Assistance Appropriation bill, fiscal year 1974 for emergency military assistance to Cambodia which was never obligated due to the lack of authorizing legislation being enacted and \$100,000,000 provided to Laos which was funded under the DOD Appropriation Act.

⁸ Includes \$49,000,000 as provided in the 2d supplemental, 1974.

⁹ Earmarked \$50,000,000 for Israel.

¹⁰ Prior year unobligated balances reappropriated.

¹¹ Earmarked \$300,000,000 for Israel out of the aggregate credit ceiling of \$730,000,000. Excludes \$2,200,000,000 appropriated under title IV of the Foreign Assistance Appropriation bill, fiscal year 1974 for emergency security assistance to Israel of which \$1,500,000,000 of the credit sales were forgiven (grant).

¹² Includes \$1,000,000 as provided in the 2d Supplemental, 1974.

¹³ Includes \$275,000 as provided in the 2d Supplemental, 1974. \$280,000 of this amount was earmarked for the International Committee of the Red Cross.

¹⁴ \$1,500,000,000 of these credit sales were forgiven (grant).

¹⁵ These funds were never obligated due to the lack of authorizing legislation being enacted. \$250,000,000 in defense stocks was provided to Cambodia under sec. 506 of the Foreign Assistance Act of 1961, as amended (drawdown).

¹⁶ \$150,000,000 was appropriated for this item but this amount now appears under the economic assistance title.

¹⁷ Includes an increase in limitation of \$525,000 as provided in the 2d Supplemental, 1974.

¹⁸ This total includes \$333,300,000 for grants and \$102,000,000 for operating expenses.

¹⁹ Includes an increase of \$60,000,000 contained in H. Doc. 93-301 and an increase of \$222,000,000 for Cambodia contained in H. Doc. 93-33.

²⁰ Includes an increase of \$150,000,000 contained in H. Doc. 94-301.

²¹ Submitted as a budget amendment in H. Doc. 93-301.

²² Includes an increase of \$322,300,000 contained in H. Doc. 93-301 and an increase of \$374,500,000 contained in H. Doc. 94-60.

²³ Prior year unobligated balances requested to be reappropriated.

²⁴ Includes an increase of \$240,000,000 contained in H. Doc. 93-301.

²⁵ Includes an increase of \$18,000,000 contained in H. Doc. 93-398.

²⁶ Submitted as a budget amendment in H. Doc. 94-28.

²⁷ \$15,630,000 to be transferred from the Department of State appropriation and \$490,000 to be transferred from the Development Assistance appropriation. Submitted as a budget amendment in H. Doc. 94-22.

²⁸ Submitted as a budget amendment in H. Doc. 94-60.

²⁹ Includes an increase of \$9,000,000 contained in H. Doc. 94-60.

³⁰ Includes approximately \$130,000,000 for operating expenses.

³¹ \$15,000,000 earmarked for U.N. Children's fund (UNICEF).

³² Funds for this item are earmarked within Selected Development Programs for \$250,000.

³³ Earmarks \$324,500,000 for Israel and \$250,000,000 for Egypt.

³⁴ Includes a limitation of \$100,000,000 to be used for population programs.

³⁵ Earmarks \$20,000,000 for Cyprus.

³⁶ Earmarks \$5,000,000 for Cape Verde Islands and \$5,000,000 for Mozambique, Guinea-Bissau and Angola.

³⁷ Earmarks \$300,000,000 for Israel out of the aggregate credit ceiling of \$872,500,000.

³⁸ Earmarks \$250,000 for the National Association of the Partners of the Alliance.

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