

MARCH 27, 1975

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed H. R. 4592--Foreign Assistance and Related Programs Appropriations Act, 1975--which appropriates for fiscal year 1975 a total of \$3,674,346,982 for foreign assistance and related programs.

The total appropriations provided in H. R. 4592 for foreign assistance and related programs are \$2,272 million less than the \$5,946 million budget request. The changes are detailed in the attached table. The following are the major changes from the budget request. The effect of the Congressional changes will be to reduce the 1975 outlays by \$666 million and 1976 outlays by \$502 million.

Military Assistance

Military assistance grants are reduced by \$732 million from the requested \$1,207 million requiring substantial cuts in almost all country programs. (This total includes deletion of the additional \$222 million requested for Cambodia.) The foreign military credit sales appropriation is reduced by \$255 million to \$300 million but the full program of \$872.5 million can be carried out by maximum use of guarantees of private financing. Of the total credit sales program, \$300 million is earmarked for Israel, of which \$100 million is to be forgiven. The bill also limits to twenty the number of general or flag military officers assigned or detailed to military missions overseas or performing duties primarily related to military assistance or foreign military sales programs. The intent of this provision, which is effective May 1, 1975, is to reduce the number of general officers involved in these programs by about one-third.

Indochina Postwar Reconstruction

Indochina postwar reconstruction is reduced by \$500 million from the \$940 million requested. Economic aid to Vietnam will be cut to an estimated \$300 million in comparison to the request level of \$750 million.

Supporting Assistance

The \$660 million appropriation for supporting assistance provides the entire amount requested and authorized, with an earmarking of all but \$8 million

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of the appropriation, as follows: Israel--\$324.5 million, Egypt--\$250 million, and Jordan--\$77.5 million. Although this earmarking is substantially along the lines indicated by the Administration in its amended budget request, the earmarking will prevent adjustment among the three countries or between them and other potential supporting assistance needs.

Contingency Fund and Famine or Disaster Relief

The \$1.8 million appropriation for the contingency fund, compared to a request of \$30 million, eliminates the Administration's ability to respond to emergencies which may occur before the end of the current fiscal year except for those arising out of disasters. In addition, \$25 million of the \$35 million famine or disaster relief appropriation was specifically earmarked for Cyprus, resulting in an availability of only \$10 million for all non-Cyprus disasters.

Aid Development Programs

Almost 80 percent (\$299 million) of the overall \$379 million reduction in development assistance is applied to AID's five development accounts (agriculture, population, education, selected problems, and selected countries), which constitute the core of the bilateral development program. The \$574 million appropriation for these accounts--versus a request of \$873 million--will result in a program level approximately equal to the 1974 level. However, this reduced appropriation will curtail the ability to emphasize agricultural production and population control, as requested by the Administration.

International Organizations and Programs

The Administration's request of \$178.6 million for U. S. voluntary contributions to international organizations and programs is reduced to \$139.2 million. This reduction adversely affects the U. S. contribution to the United Nations Development Program (UNDP). The U. S. pledged \$90 million for calendar year 1974 and had planned to pledge \$100 million for 1975. The reduced appropriations for voluntary contributions will force the cessation of additional U. S. contributions to the UNDP for calendar year 1974 (\$70.8 million has already been paid) and limit the 1975 contribution to \$77.9 million, or a total of \$41.3 million below the U. S. pledges for these two years.

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International Financial Institutions

The \$991 million request for three international financial institutions has been reduced by \$371 million, with \$96 million of the reduction applied to the Asian Development Bank (ADB) and \$275 million to the Inter-American Development Bank (IDB). The full \$320 million request for the International Development Association has been appropriated.

Accompanying the \$225 million appropriation for the IDB is a first-time earmarking of \$50 million for cooperatives (\$25 million), credit unions (\$10 million), and savings and loan associations (\$15 million). This \$50 million earmarking is a serious problem as it establishes an undesirable precedent which will tend to encourage future additional earmarkings by the Congress as well as other donors to the various development banks.

In appropriating \$74 million to the ADB for paid-in ordinary capital and for special fund capital the Congress declined to provide funds for callable capital which constitute the principal basis for U. S. subscriptions to the capital stock of the development banks.

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1975
 Foreign Assistance and Related Programs
 Appropriation Act
 (in millions of dollars)

	<u>Appropriation Request</u>	<u>Appropriation</u>	<u>Difference</u>
<u>Development Assistance</u>	<u>1216.8</u>	<u>837.3</u>	<u>-379.5</u>
AID development programs	873.3	574.0	
Int'l. organizations and programs	178.6	139.2	
Famine or disaster relief	40.0	35.0	
Other AID programs	94.9	87.3	
Contingency fund	30.0	1.8	
<u>Middle East special requirements fund</u>	<u>100.0</u>	<u>100.0</u>	--
<u>Supporting assistance</u>	<u>660.0</u>	<u>660.0</u>	--
<u>Indochina postwar reconstruction</u>	<u>939.8</u>	<u>440.0</u>	<u>-499.8</u>
<u>International financial institutions</u>	<u>990.6</u>	<u>619.1</u>	<u>-371.5</u>
Asian Development Bank	170.6	74.1	
Inter-American Development Bank	500.0	225.0	
Int'l Development Association	320.0	320.0	
<u>Military Assistance</u>	<u>1762.0</u>	<u>775.0</u>	<u>-987.0</u>
Grants	1207.0	475.0	
Foreign military credit sales	555.0	300.0	
<u>Other Appropriations</u>	<u>277.3</u>	<u>242.9</u>	<u>- 34.4</u>
Peace Corps	82.3	77.0	
Aid to Cuban refugees in the U.S.	78.0	90.0	
Soviet refugee aid	40.0	40.0	
Palestinian refugee aid	--	10.0	
Migration & refugee assistance	9.5	8.4	
International narcotics control	42.5	17.5	
Overseas Private Investment Corp.	25.0	--	
TOTAL APPROPRIATIONS	<u>5946.5</u>	<u>3674.3</u>	<u>-2272.2</u>
<u>Program Limitations</u>			
Export-Import Bank	(6403.0)	(6403.0)	--
Inter-American Foundation	(10.0)	(10.0)	--