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A SUMMARY AND ANALYSIS OF THE REPORT OF THE NATIONAL BIPARTISAN "KISSINGER" COMMISSION ON CENTRAL AMERICA JANUARY 1984

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ABSTRACT

The January 1984 report of the Bipartisan Commission on Central America has become the focus for congressional debate on U.S. policy toward this troubled region. This paper describes the structure and content of the Commission's report, summarizes its key findings and recommendations, notes additional comments by individual Commissioners, summarizes reaction to the report and relates the report's recommendations to the Reagan administration's pending foreign assistance request.

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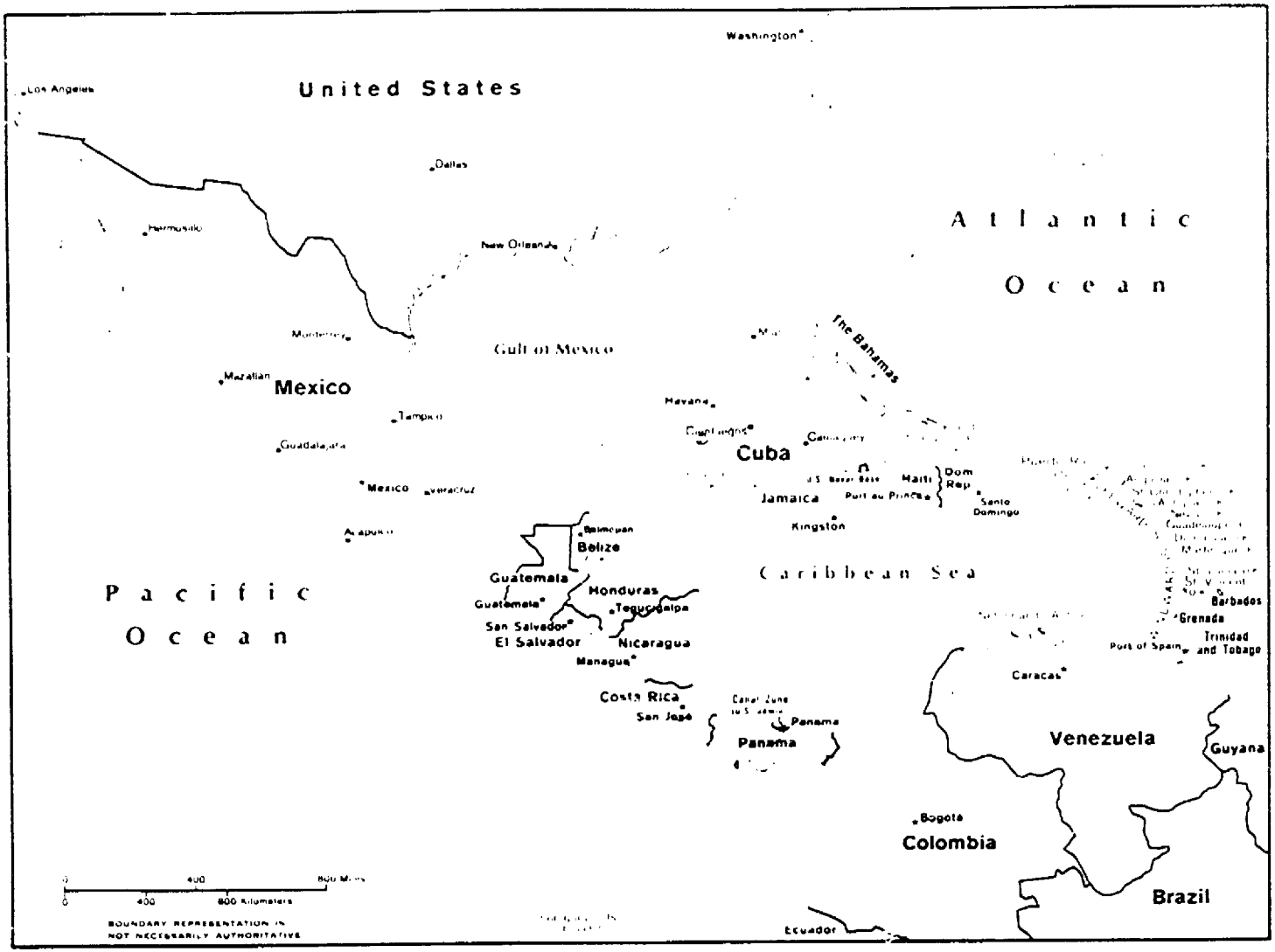
Middle America



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I. INTRODUCTION

In July 1983 President Reagan appointed a National Bipartisan Commission on Central America. The Commission was chaired by Henry A. Kissinger, and included eleven Members drawn from the ranks of federal, state and local government, academia, business, labor, and the legal profession. It had an Executive Director and eleven Senior Counsellors drawn from the Congress and the foreign policy establishment.

The Commission was charged with advising the President on the shape of "a long-term United States policy that will best respond to the challenges of social, economic, and democratic development in the region, and to internal and external threats to its security and stability." 1/ The Commission presented its 132 page report to the President on January 10, 1984, following 30 days of full hearings, 12 special meetings, and nine days travel in Latin America, including six days in Central America and three days in Mexico and Venezuela. The report and recommendations reflected the collective judgments of the members; however, several individual commissioners, including the Chairman, appended notes containing alternative views and disagreements with specific judgments and recommendations.

1/ Quoted in Henry A. Kissinger's letter to the President of January 10, 1984, transmitting the Commission's report. Report of the National Bipartisan Commission on Central America. Washington, D.C. January 1984.

The Commission included:

Chairman: Henry A. Kissinger

The Commission	Senior Counsellors
Nicholas F. Brady	Jeane Kirkpatrick
Henry G. Cisneros	Winston Lord
William P. Clements, Jr.	William D. Rogers
Carlos F. Diaz-Alejandro	Daniel K. Inouye
Wilson S. Johnson	Pete V. Domenici
Lane Kirkland	Lloyd Bensten
Richard M. Scammon	Charles McC. Mathias
John Silber	William S. Broomfield
Potter Stewart	Jack F. Kemp
Robert S. Strauss	James C. Wright
William B. Walsh	Michael D. Barnes

Harry W. Shlaudeman
Executive Director

The report was dedicated to the late Senator Henry M. Jackson, "who proposed the creation of a bipartisan commission on Central America and served as one its Senior Counsellors."

II. STRUCTURE OF THE REPORT

The report contains eight chapters, which provide a broad survey of developments in the region, their significance to the United States, and the recommended U.S. response. The basic contents are as follows:

Chapter 1: INTRODUCTION

Explains how the Commission went about its work, outlines on a chapter by chapter basis what the report covers, summarizes common threads running through those chapters and highlights the Commission's bipartisan character.

Chapter 2: A HEMISPHERE IN TRANSFORMATION

Discusses the "crisis" in Central America in the broader hemispheric context. The Commission discusses the roots of American interest in Latin America, the sources of change, both external and internal, and the sense of common purpose despite differences in history and culture. The chapter discusses two challenges: to promote (1) the economic betterment of the peoples of Latin America and (2) the legitimacy of government, especially in Central America.

Chapter 3: CRISIS IN CENTRAL AMERICA: AN HISTORICAL OVERVIEW

Surveys the historical causes of the present situation, which the Commission attributes to both indigenous and external factors. It notes the stirrings of change beginning in the 1930s, including the emerging competition between three strains -- traditional authoritarianism, democracy, and socialism. Developments are summarized through the 1950s,

and generally favorable trends are noted during the 1960s based on rapid economic growth. It then discusses regressive tendencies in the 1970s, including dislocative urbanization and growing social inequality, economic decline, and the growth of Communist insurgency. A section entitled "The Present Crisis" surveys developments in five countries of the Organization of Central American States: El Salvador, Guatemala, Nicaragua, Honduras and Costa Rica. The chapter surveys the U.S. role in the region from an historical viewpoint and outlines in general terms present U.S. interests in the crisis.

Chapter 4: TOWARD DEMOCRACY AND ECONOMIC PROSPERITY

Discusses in more detail the complex and sometimes negative relationship between economic growth and social justice, but especially the adverse consequences of a serious economic decline since the late 1970s. The chapter outlines a program for the urgent infusion of economic assistance in the short run, and a medium and long-term program for reconstruction and development on the part of the United States and other aid donors.

Chapter 5: HUMAN DEVELOPMENT

Focuses on current social conditions and the short and medium term efforts needed to improve Central American living conditions. Primary among these are efforts to improve low literacy rates, including food aid to assure that children arrive in school physically and mentally prepared to learn; a major effort to meet health needs, including reduction of high rates of infant mortality; efforts to deal with the housing needs of rapidly urbanizing societies; and humanitarian relief to deal with more than one million persons displaced by regional strife.

Chapter 6: CENTRAL AMERICAN SECURITY ISSUES

This chapter begins with a note that indigenous reform and even locally inspired revolution does not directly threaten the United States, but "the concerting of the power of the Soviets and Cuba to extend their presence and influence into vulnerable areas of the Western Hemisphere is a direct threat to U.S. security interests." (p. 84). The report argues that two separate conflicts are underway in El Salvador: first, a conflict between democratic forces and supporters of the oligarchy; and second, a conflict between advocates of Marxism-Leninism and those who oppose them. (p. 85). The report sees "Castro's communization of Cuba" as "a seminal event in the history of the Americas" (p. 88), and regards the Nicaraguan revolution as contributing to the acceleration of Soviet efforts to promote armed revolution in the region. It discusses the problems of guerrilla war, the specific military situation in El Salvador, the Guatemalan insurgency, and the problem posed by Nicaragua's miltary buildup. It concludes with a series of specific recommendations regarding military assistance and support of human rights.

Chapter 7: THE SEARCH FOR PEACE

Discusses the combination of efforts -- political, diplomatic, economic and military -- needed to achieve peace in the region. It sees "the general strategic objective" for U.S. diplomacy as confining "civil wars, national conficts and military preparations" to the region itself, and excluding non-hemispheric powers. (p. 107). It recommends a program of peace in El Salvador based on elections, rather than a negotiated power-sharing with the leftist insurgents. Finding that the very nature of the Sandinista regime in Nicaragua poses a security threat to its

neighbors, the Commission favors a comprehensive regional settlement, including internal changes in Nicaragua, rather than any effort at "strategic containment." This effort "would elaborate and build upon the 21 objectives of the Contadora group." (p. 115). The Commission discusses the problem of negating and containing Cuban adventurism in the absence of any change in its relationship with the U.S.S.R. It "sees little promise in negotiating with the Soviet Union over Central America," and rejects any concept of "spheres of influence." (p. 132).

Chapter 8: CONCLUSION

Discusses, in two pages, the broad themes of the report, including the idea that Central America is in "mid-passage" with U.S. help and favorable conditions -- from authoritarianism to "democratic pluralism." (p. 126). Reiterates the need to respond to specific security threats to U.S. interests and to meet the urgent human needs of the region.

NOTES BY INDIVIDUAL COMMISSIONERS

Comments and notes of dissent are presented by Henry G. Cisneros, William P. Clements, Jr., Carlos F. Diaz-Alejandro, Henry A. Kissinger, Nicholas F. Brady, John Silber, Robert S. Strauss, and William B. Walsh. These primarily concern the reports' judgments about the means of achieving peace and progress in human rights in El Salvador and dealing with the Sandinista government in Nicaragua.

III. PRINCIPAL FINDINGS AND RECOMMENDATIONS*

The report is both an analysis of the situation in Central America and a detailed, urgent program of action involving the commitment of more than $8 billion in economic assistance and a major increase in military assistance over the next five years. It postulates that (1) U.S. interests are under dire threat in the region due to the roles of Cuba and the Soviet Union in exploiting indigenous problems, and that (2) the United States can make a difference in the outcome.

FINDINGS

The Commission's findings and recommendations are integrated under the topical chapters. The summary below draws the main threads together from several different chapters of the report.

Analysis of the Situation

Central America is in a Profound Crisis

This is evidenced by intensifying internal strife, intraregional conflict, the rise of Communist insurgencies, a dramatic fall in national and per capita GNP since about 1979, and soaring external debt, which reached $14 billion at the end of 1982. These problems result from historic problems of poverty, social injustice, frustrated expectations and closed political systems, as well as from the impact of high oil prices and falling prices for Central American agricultural exports.

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*This summary draws heavily from the actual language of the report whenever compatible with the interests of brevity.

-- From 1950 to the late 1970s per capita income doubled in the five Central American countries at issue; it has since fallen dramatically as follows:

GDP Decline from Peak Year Through 1983

	GDP	Peak Year	GDP per capita	Peak year
El Salvador	-25%	1978	-35%	1978
Honduras	- 2%	1981	-12%	1979
Costa Rica	-15%	1980	-23%	1979
Guatemala	- 7%	1981	-14%	1980
Nicaragua	-22%	1977	-38%	1977

-- The interaction of political breakdown and economic dislocation has led to the flight of $3 billion or more in capital over the past several years, thus further reducing the possibilities of economic recovery.

The Crisis in Central America is of Great Importance to the United States

-- Central America is the link area between the two continents of the hemisphere, and its future vitally affects that of the whole of Latin America and the Caribbean, an area accounting for 62 percent of U.S. investment in the developing world, 15 percent of our trade, and access to vital raw materials.

-- Its proximity to the Panama Canal, vital trade routes, and the U.S. land border makes it imperative to keep it free of hostile influence.

-- The United States also has a strong moral interest in promoting and preserving democracy and advancing human welfare in Central America, especially in view of our long historical relationship. Our strategic interests and values coincide in this instance.

The Roots of the Crisis are both Indigenous and External, but Outside Forces have Given it a More than Central American Dimension

-- There is no doubt that the indigenous factors of poverty, repression, and inequality have fueled the crisis, but outside factors such as the world-wide recession of the late 1970s and Soviet and Cuban support of insurgency have made it locally unmanageable.

-- The United States faces no threat from indigenous change, even revolution, but the intrusion of outside powers must be a concern.

-- A basic objective must be to reduce regional conflicts and limit them to Central American dimensions.

The United States Must Act Urgently

-- The United States can make a difference.

-- The cost of acting now is far less than later.

-- The United States must make a long term commitment and adhere to a coherent program.

Action Must Address Simultaneously All Aspects of the Problem

-- Addressing the root causes through economic assistance and political and economic reforms.

-- Dealing with insurgency and outside intervention, whose elimination is essential to any progress on the other fronts, by military assistance and support for regional peace initiatives.

Action Should Be Based on Three Principles:

(1) Democratic Self-Determination

(2) Economic and social development benefitting all

(3) Cooperation in meeting security threats to the region

Key Findings

Central American Insurgencies:

(1) They depend on external support and benefit substantially from use of privileged sanctuaries.

(2) They develop their own momentum, independent of the conditions on which they feed.

(3) The insurgents, if they win, will create a totalitarian regime in the image of their sponsor's ideology and their own.

Analysis of the Situation in El Salvador

-- A conscious guerrilla strategy of attack of the economy has eroded the country's infrastructure and basic institutions.

-- Support to the insurgents by Nicaragua, Cuba and the Soviet Union greatly increases the threat posed to the Salvadoran government.

-- The guerrillas have not attracted the broad popular support they hoped for, but have grown militarily stronger in the past four years.

-- Human rights abuses such as the activities of the death squads handicap efforts to combat the guerrillas.

-- A political settlement can come only when the insurgents realize they cannot win militarily, and present military stalemate works against a political solution.

-- The 37,500 man El Salvadoran army is too small to combat the up to 12,000 increasingly well trained and armed fighters of the leftist insurgency.

Analysis of the Situation in Nicaragua

-- Nicaragua is receiving increasing quantities of Soviet military aid and its military forces are potentially larger than Central American armies combined.

-- Nicaragua is serving as a base of support for guerrilla operations in El Salvador, and, if consolidated as a Marxist-Leninist regime, could serve as a base of operations in other countries in the region.

-- A pro-Soviet base on the mainland of Central American would pose a "strategic coup" for the Soviet Union, forcing the United States to devote more resources to defend the southern approaches with consequent reduction in our capacity to defend our interests in Europe, the Middle East, and East Asia.

RECOMMENDATIONS

Short Term Economic Stabilization Program

The Commission recommends an immediate economic stabilization program based on eight key points:

(1) Initiation this year of a comprehensive approach to the economic development of the region and the reinvigoration of the Central American Common Market (CACM).

(2) The greatest possible involvement of the private sector in the stabilization effort.

(3) U.S. action to address the external debt problems of the region.

(4) An immediate increase in bilateral U.S. economic assistance ($400 million in an FY 84 Supplemental), with emphasis on creating jobs, providing balance of payments support, and helping countries implement economic stabilization programs.

(5) A major focus for expanded U.S. aid on labor-intensive infrastructure and housing projects.

(6) New official trade credit guarantees for the Central American countries.

(7) An emergency U.S. credit to the Central American Common Market Fund (CACMF) to refinance accumulated trade deficits among the Central American countries.

(8) U.S. membership in the Central American Bank for Economic Integration (CABEI) to infuse new resources into the Bank.

A Medium and Long-term Reconstruction and Development Program

-- Infusion of $24 billion from all sources between FY 1985-1989 to reestablish 3 percent growth rate and raise per capita GNP to 1980 levels.

-- A specific commitment of $8 billion from the United States for the period FY 1985-1989.

-- Creation of a Central American Development Organization (CADO) through which one quarter of the U.S. aid would be channeled. Made up of representatives of the Central American countries, the CADO would assess the progress made by each country toward economic, political, and social objectives and would make recommendations on the allocation of economic resources.

-- Expanded assistance for democratic institutions and leadership training by encouraging neighborhood groups and cooperatives, expanding USIA's binational centers, and increasing exchange programs in the United States for democratic leaders.

-- Expanded trade opportunities, including adoption of the U.S. Caribbean Basin Initiative (CBI) duty-free benefits by other countries, a review of U.S. non-tariff barriers, and technical and financial support for export promotion.

-- Improved investment conditions, including creation of a privately-owned venture capital company, which might be called the Central American Development Corporation (CACD), expanded availability of Overseas Private Investment Corporation (OPIC) insurance, and the development of small business oriented aid programs.

-- Accelerated agricultural development, including: more resources for land redistribution programs; additional resources for credit and investment; and increased economic support for cooperatives.

-- Accelerated "human development" to end widespread hunger, malnutrition, illiteracy, poor education and training, poor health conditions and poor housing, including:

o Increased PL-480 food aid on an emergency basis.

o Creation of a Literacy Corps under an expanded Peace Corps effort.

o A program of 10,000 government-sponsored scholarships to bring Central American students to the United States.

o Continuation of AID supported population and family planning programs.

o Expansion of AID technical assistance to the health care sectors.

o A resumption of AID programs to eradicate diseases such as malaria.

o Support for an enlarged housing and infrastructure construction program.

o Expanded support for relief efforts through AID and the Department of State refugee program.

Regional Security Recommendations

The panel's security recommendations focused on combatting leftist guerrilla movements. The reversal of adverse security trends is seen as essential to the success of the economic proposals. The report focuses especially on El Salvador. Among other things, it recommends:

-- Substantially higher levels of U.S. military assistance to facilitate the adoption of more sophisticated counter insurgency tactics, including the formation of popular militias trained in civic action tactics.

-- Additional assistance to enhance the capabilities of the regular forces and end the present disparity between U.S. military tactics and Salvadoran military resources.

-- It asks Congress to reexamine current U.S. law (Section 660 of the Foreign Assistance Act) which forbids aid to law enforcement agencies.

Specific Military Assistance Proposals

-- Significantly increased levels of military assistance to El Salvador as quickly as possible. The Commmission noted a Department of Defense estimate that $400 million is required for FY 1984 and FY 1985 to break the military statemate there, but did not make a judgment about the precise amount of aid required.

-- Greater predictability in U.S. aid based on cooperation between the Administration and the Congress, including the use of multi-year funding.

Human Rights Proposals

The report sees the relationship between military aid and human rights as "both extremely difficult and extremely important." (p. 103).

-- U.S. economic and military aid should be made contingent through legislation requiring periodic reports on demonstrated progress toward specified human rights goals.

-- "With respect to El Salvador, military aid should, through legislation requiring periodic reports, be made contingent upon demonstrated progress toward free elections; freedom of association; the establishment of the rule of law and an effective judicial system; and the termination of the so-called death squads, as well as vigorous action against those guilty of crimes and the prosecution to the extent possible of past offenders. These conditions should be seriously enforced." (p. 104, emphasis in report.)

-- "As an additional measure the United States should impose sanctions, including the denial of visas, deportation, and the investigation of financial dealings, against foreign nationals in the United States who are connected with death-squad activities in El Salvador or anywhere else." (p. 104, emphasis in report.)

-- Essentially the same policy applied to El Salvador should be applied to Guatemala, which does not now receive U.S. military aid.

Regional Peace Objectives

In addition to supporting a more forceful military effort, the report lists those objectives for dealing with the internal conflict in El Salvador and the problem of Nicaragua. It sees the goals of diplomacy as:

- o To stop the war and the killing in El Salvador.
- o To create conditions under which Nicaragua can take its place as a peaceful democratic member of the Central American community.
- o To open the way to democratic development throughout the isthmus.

Internal Settlement in El Salvador

-- It supports elections as a means of settling the internal conflict and rejects negotiated power-sharing as proposed by the insurgents.

-- Following the March 1984 national elections and looking towards contemplated municipal and legislative assembly elections in 1985, the Commission proposes that:

1. The Salvadoran government would invite the FDR-FMLN to negotiate mutually acceptable procedures to establish a framework for future elections.

2. As part of this framework a broadly representative Elections Commission would be established, including representatives of the FDR-FMLN.

3. Violence would be ended by all parties to facilitate campaigning.

4. A system of international observation would be established to enhance the faith and confidence of all parties in the probity and equity of arrangements for elections.

Proposed Regional Settlement Involving Nicaragua

Based on widespread foreboding about the Sandinista regime which the Commission encountered in its investigations, it does not advocate a policy of static containment. Rather, it proposes first a regional settlement in line with the 21 objectives of the Contadora Group* which would:

-- Recognize the linkage between democratization and security in the region.

-- Relate the incentives of increased development aid and trade concessions to acceptance of mutual security guarantees.

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*Named after Contadora Island, off the coast of Panama, where Colombia, Mexico, Panama, and Venezuela met to promote a regional settlement of the Central American crisis.

-- Engage the United States and other developed nations in the regional peace system.

-- Establish an institutional mechanism in the region to implement that system.

The report lists a number of criteria for a regional security framework which would constrain the foreign and domestic policies of the Sandinista government, without implying its overthrow or requiring it to formally abandon its ideology. It notes that "diplomacy must carry with it penalties for a failure to comply with an agreement reached," and that "Nicaragua must be aware that force remains an ultimate recourse." (pp. 118-119).

Aid to Nicaraguan Insurgent Forces

The Commission was divided on this question, but the majority in their respective individual judgments believe that the efforts of the Nicaraguan insurgents represent one of the incentives working in favor of a negotiated settlement.

The Contadora Group

-- The Commission supports the efforts of the Contadora countries -- Colombia, Mexico, Panama and Venezuela -- to promote a regional settlement among the five Central American countries.

-- It finds that because the interests and attitudes of the four countries do not always comport with those of the United States, the Contadora process cannot substitute for U.S. policies.

-- The process languishes when the U.S. lacks purposefullness and gathers momentum when the U.S. acts decisively.

-- The United States should continue to support the 21-point program while urging a more specific settlement.

-- The Commission's own principles for a regional settlement are fully consistent with the Contadora program.

Cuba and the Soviet Union

-- Under present circumstances it is not likely that Cuba will give up its relationship with the Soviet Union, but should Havana for whatever reason be prepared to change its policies in favor of genuine coexistence the United States should be prepared to negotiate seriously.

-- In the meantime, the United States must thwart the export of revolutions and make clear the consequences of adventurism.

-- The United States cannot accept a Soviet military engagement in Central America and the Caribbean beyond what we reluctantly tolerate in Cuba.

Western Europe

-- No European power has a vital stake in the Western hemisphere.

-- Their fundamental interest derives from the fact that problems in Central America could divert U.S. resources from defense of Western Europe.

-- The United States should seek European understanding and support for its objectives, but cannot grant a veto.

-- We should strongly discourage Europeans from their aiding the Sandinista regime until it fundamentally changes course.

IV. COMMENTS BY INDIVIDUAL COMMISSIONERS

Henry G. Cisneros. Given the background of electoral fraud and negation of election results by the El Salvador military, he questions the Commission's emphasis on elections as the sole means of reconciliation. He notes that more moderate elements exist within the FDR component of the insurgency that took part in U.S. supported governments as recently as 1979. He calls for a cease fire by all parties as a prelude to negotiating details of security arrangements and to consider coalition approaches and structural changes. He also takes note of initiatives by the Sandinista government in Nicaragua towards its domestic opposition and its neighbors, and believes that more vigorous diplomacy by the United States could further this process. He calls for the United States to suspend aid to the anti-Sandinista forces.

William P. Clements, Jr. States his belief that the 1962 Kennedy-Khrushchev exchanges did not produce a meeting of the minds and distrusts reliance on them.

Carlos F. Diaz-Alejandro. Expresses fundamental disagreement with aid to the Nicaraguan insurgents as strengthening the most extreme elements in the Sandinista leadership and endangering regional peace. He believes that the "timidity" of the report regarding greater access to U.S. markets contrasts sharply with judgments about the region's strategic importance to the United States.

Henry A. Kissinger, Nicholas F. Brady, John Silber. Strongly endorse the objectives of the clause concerning the conditioning of U.S. aid to El Salvador on human rights improvements, but do not want conditionality interpreted in a manner that leads to a Marxist-Leninist victory.

Robert S. Strauss. Supports the basic thrust of the report but believes that the creation and maintenance of pluralism depends as much or more on basic changes in existing political and social institutions as on military assistance. He expresses concern that although it does not say otherwise, the report might incorrectly be interpreted to the contrary.

William B. Walsh. Believes that conditionality should apply to all countries equally, and expresses concern that unfair emphasis is placed on El Salvador death squads. Notes indications of progress such as democratic elections and free trade unions, and believes that the extreme left has rejected electoral participation primarily because they believe they cannot win and because of their dedication to a military victory.

V. REACTION TO THE REPORT

Broadly speaking, few have seriously objected to the report's emphasis on the economic roots of the problem, but its recommendations for U.S. policy have drawn considerable criticism. The panel was carefully bipartisan, and its general assumptions about the importance of the region and the proper U.S. role are well within the center of prevailing American attitudes. At the same time, while the goals may be broadly shared, the specific policy recommendations have in several instances touched sensitive ideological nerves and analytical differences. Some of these conflicts are evident in the notes appended by several members.

Military versus Political Settlement

The report's emphasis on a favorable military situation as a necessary precondition for a political settlement of the conflict in El Salvador has drawn considerable fire. In this respect some observers have unfavorably contrasted the report with a recent report published by the Carnegie Endowment for International Peace, entitled Central America: Anatomy of a Conflict. Critics see an "all or nothing" approach both to the internal conflict in El Salvador and the conflict with Nicaragua that appears to be a search for military victory.

Size of the Aid Request

The size of the aid request has sparked criticism from many across a political spectrum from fiscal conservatives, opponents of aiding governments believed to be repressive, and those perceiving a mismatch between U.S. security/foreign policy priorities and the proposed spending. Reportedly,

some conservatives believe that the military component is too small, given the Commission's statement of the problem, while some liberals see it as too large.

Feasibility of the Proposed Aid

Skepticism has been expressed at the feasibility of the aid proposed in view of the rapid economic decline of the past few years, the ongoing flight of capital, the ever-present corruption and the existence of guerrilla warfare in some countries. Some doubt the Commission's confidence that the infusions of aid will actually generate the needed civic spirit and commitment to reform, and feel that much of the aid "will end up in Miami bank accounts." Others support the proposals, which they see in the tradition of the Marshall Plan for European recovery and to a certain extent the Alliance for Progress, and agree that a commitment of this magnitude is appropriate to the importance of the problem.

Conditionality of Aid

One of the most divisive issues is that of conditioning aid to El Salvador and other countries on concrete progress in the area of human rights. This has been an issue of great contention between the Administration and the Congress already. The Commission itself was clearly divided. While the Commission called for some form of conditionality, Chairman Kissinger and others made clear their feelings that the conditions should not be allowed to undermine the success of a non-communist El Salvadoran government, in the final analysis. Proponents of conditioned aid believe that no progress can be made in gaining political legitimacy and support without reducing abuses such as the death squads, while others believe that these desirable objectives must, if necessary, take second place to combatting the insurgency.

The Soviet and Cuban Threat

There has been little forthright opposition to the general proposition that Soviet and Cuban activities threaten U.S. interests in the region, but not all would go so far as the Commission and some would take an even harder line. Many critics are more prepared than the Commission to allow events to play themselves out. Given the historical evolution of the region's problems, some see a period of leftist revolution in Central America as inevitable, but do not believe that this poses serious threats to U.S. security. In particular, they feel concerns about Nicaragua to be excessive, and feel that the implication of the report is that the Sandinista regime must be overthrown. Others see the report as a welcome clarion call to make a long term commitment to combat Marxist insurgency and deny the Soviet Union a further foothold in the hemisphere.

V. RELATIONSHIP TO AID REQUEST FOR FY 1984-85

The Commission report serves as a major framework for the Reagan administration's recently proposed aid bill for FY 1984 (supplemental request) and FY 1985. Styled the "Central America Democracy, Peace and Development Initiative Act of 1984," (H.R. 4874), the bill authorizes military and economic aid and amends the Foreign Assistance Act of 1961 to carry out the recommendations of the National Bipartisan Commission on Central America. Some of the main features related to the Commission's report include:

Funding Levels

Economic Assistance

The funding request closely follows the Commission's recommendations. The bill would authorize $8 billion in reconstruction and development assistance to Central America over five years, including $6 billion in direct appropriations and $2 billion in insurance and guarantee authority. This includes a $400 million supplemental for FY 84 to cover emergency economic stabilization needs, $1.7 billion in direct aid and credit insurance/guarantees for FY 85, and about $1.440 billion for the same programs for FY 86-89.

Military Assistance

The bill proposes $259 million in supplemental funds for FY 84 and $222 million for FY 85. Of these amounts, El Salvador would receive $178.7 million in FY 84 and $132.5 million for FY 85.

The bill would provide less military assistance to El Salvador than the report implied might be necessary to break the military stalemate there.

Whereas the report noted a Department of Defense estimate that $400 million might be necessary in FY 84 and FY 85, the bill would provide $311.2 million for those years. This covers military assistance, military education and training, and foreign military sales loans.

Policy Recommendations

Conditionality of Aid

The bill establishes a requirement for semi-annual reports to Congress (Section 305) on progress towards the human rights goals listed by the Commission, and specifies that the President "shall insure that assistance authorized by the Act for military programs is provided to the Government of El Salvador in a manner which fosters progress of that government towards the objectives of political development, economic development and security, in accordance with the recommendations of the Bipartisan Commission." The section does not specifically condition military aid on "demonstrated progress" towards these goals, as was recommended by the Commission.

Support for Law Enforcement Agencies

In line with recommendations of the Commission, the bill would provide $20 million for economic assistance [illegible] to strengthen the administration of justice in Central American And Caribbean countries.

Trade Credit Insurance Program

The bill would authorize Economic Support Fund monies to be made available to cover risks for certain short-term credits to private businesses in Central America.

Land Reform Programs

Following suggestions of the Commission, the bill would allow the President to make aid available aid to pay compensation for land expropriated under reform programs if in the national interest of the United States.

Central American Development Organization

The bill proposes the creation of the Central American Development Organization (CADO) along lines recommended in the Commission's report, but does not provide for channelling one-fourth of U.S. economic aid through the organization, as was recommended by the Commission.