PC-AAA-422
ISN=89080

S. Hrg. 102-285, Pt. 2

Senate Hearings

Before the Committee on Appropriations

Foreign Operations, Export Financing, and Related Programs Appropriations

Fiscal Year 1992

102 d CONGRESS, FIRST SESSION

H.R. 2621

PART 2 (Pages 1-385)
NONDEPARTMENTAL WITNESSES

S. Hrg. 102-295, Pt. 2

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 1992

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

ON

H.R. 2621

AN ACT MAKING APPROPRIATIONS FOR FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1992, AND FOR OTHER PURPOSES

Part 2 (Pages 1-385)

Nondepartmental witnesses

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE

38-705 WASHINGTON : 1991

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-036950-9

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CONTENTS

TUESDAY, JUNE 25, 1991

	Page
Nondepartmental witnesses	1
Material submitted subsequent to conclusion of hearing	265

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 1992

TUESDAY, JUNE 25, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:40 p.m., in room S–126, the Capitol, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy, DeConcini, Lautenberg, and D'Amato.

NONDEPARTMENTAL WITNESSES

STATEMENT OF DAVID FRENCH, MEDICAL DIRECTOR, HELEN KELLER INTERNATIONAL

OPENING STATEMENT OF SENATOR PATRICK LEAHY

Senator LEAHY. Good afternoon. I apologize for being late. As you can see, we have a series of rollcall votes underway. What we will do is try to get this going and when there are rollcall votes, we will step out.

The first panel will address the needs of children around the world on health issues. Its members are Dr. David French of the Helen Keller Institution; Terry Lierman of the Washington Council for UNICEF; Marilyn Rocky of CHILDHOPE; and Dr. Donald Krogstad of the American Society for Tropical Medicine and Hygiene.

I do not want anybody to feel cut off, but I would urge you to observe the time limitations. The only reason I say that is that we only have this room for a certain amount of time.

If anybody feels the need to go over their time, please understand that if they do, somewhere at the other end, someone else will get cut off as a result. So please take note of the people sitting behind you who will not get a chance to testify if you exceed your allotted time.

Dr. French, please proceed.

SUMMARY STATEMENT OF DAVID FRENCH

Dr. FRENCH. I am Dr. David French, the Medical Director of Helen Keller International. We urge expansion of funding for the child survival program, and the vitamin A program, to support the level of funding for these programs in the House bill.

We also urge expansion of funding for surgical care to cure blindness in children, as recommended by the House. We need to expand the vitamin A programs.

The World Summit for Children under the sponsorship of UNICEF was held on September 30, 1990, at the United Nations. A declaration of the World Summit for Children was signed by some 159 countries. I am proud to say that the United States is one of them.

HKI was happy to be an NGO participant in the World Summit meeting which recognized the important role played by NGO worldwide in child survival.

Studies in Ghana and in Asia between 1982 and 1986 in Africa and Asia have shown that vitamin A not only decreases blindness in children, but that it also has other effects, to depress mortality and morbidity.

There is little doubt that vitamin A deficiency is a significant factor in not only blindness, but also in childhood mortality, infections, and anemia in Asia and Africa.

We recommend an increase of $3 million over the President's budget for the AID vitamin A program, bringing it to a total of $13 million in 1992. We support the House bill which earmarks $20 million for vitamin A deficiency and iodine deficiency programs of which $13 million must be expended for vitamin A.

Regarding child survival, your committee recommended that Congress provide funding of about $100 million in fiscal year 1991 for the child survival fund, and we would hope that it could be increased at least to the House level of $140 million from the Development Assistance Program, and $275 million in total.

As for treatment of blindness in children by PVO's, there are a large number of children in the developing world with types of blindness which can be surgically corrected. These children unfortunately have not been reached by prevention programs such as vitamin A distribution.

However, surgical intervention can cure causes of blindness such as juvenile cataract, corneal scarring, and retinopathy of prematurity in many of these children and enable them to function independently and productively.

The House bill includes $1 million for such a program utilizing PVO's. We would urge that the funding be expanded to enable the program to reach more children and to enable the funding of surveillance and planning activity to target resources appropriately.

HKI proposes to establish, in collaboration with the International Council of Ophthalmology, regional technical advisors for program implementation and management in each major region of the world.

Next is river blindness. Great progress has been made in controlling this disease in 11 countries in West Africa by the World Health Organization in the onchocerciasis program. The 11 OCP countries of West Africa are less than one-half of the countries afflicted in Africa.

In Nigeria and the countries of Central Africa there is perhaps 50 percent of the disease. There is now available a highly effective drug, Ivermectin, provided free by its manufacturer, Merck & Company of Rahway, NJ.

The challenge is to distribute the drug on a community-wide basis throughout the rural affected zones where there is limited accessibility.

Last year Congress made available about $2.5 million for PVO's to distribute Ivermectin. AID decided to spread this funding over a 3-year period however and limited it to only eight countries. This is an ineffective programmatic approach. We estimate an average need of $400,000 per year per country to sustain an effective program.

PREPARED STATEMENT

We appeal to Congress to make $6.5 million available this year with the understanding that $5 million will be utilized by the onchocerciasis control program of the World Health Organization and $1.5 million be used to expand the Ivermectin distribution program.

Thank you for this opportunity to testify, and for the strong support of this subcommittee for humanitarian forms of assistance such as child survival and nutrition programs and for U.S. PVO's.

[The statement follows:]

STATEMENT OF DAVID FRENCH

Mr. Chairman:

General Statement and Summary

I am David French, M.D., M.P.H., the Medical Director of Helen Keller International (HKI) for whom I am testifying. Helen Keller International was founded by Helen Keller herself and has been in existence since 1915. Prior to my joining HKI in 1988 I was the Project Director of the AID-sponsored Strengthening Health Delivery Systems Project in Central and West Africa. Helen Keller International presently receives about $3 million from the Agency for International Development through grants and cooperative agreements to carry out blindness prevention, treatment, and rehabilitation programs throughout the third world. HKI is a nonprofit organization based in New York. It has offices and programs currently in 38 countries in Latin America, the Caribbean, Asia, and Africa.

Let me say again that we have received excellent support in general from both the Bureau for Food for Peace and Voluntary Assistance and the Bureau for Science and Technology within the Agency for International Development. We appreciate their dedication to the Vitamin A deficiency program and to other blindness prevention and treatment programs of AID and their commitment to the ideas put forth by HKI. Presently, we are anticipating distributing ivermectin in Africa in the battle against the disease River Blindness (onchocerciasis).

HKI is expanding its programs to combat nutritional blindness due to insufficient intake of Vitamin A in Africa. UNICEF's strong emphasis on Child Survival includes prevention and treatment of Vitamin A deficiency and, consequently, is consonant with HKI's programmatic commitment to Vitamin A collaborative interventions in Asia, Africa, and the Caribbean. HKI, therefore, especially supports the Child Health and Food and Nutrition components of the World Declaration on the Survival, Protection and Development of Children. We urge expansion of funding for the Child Survival program, and the Vitamin A programs and support the levels of funding for these programs in the House bill. We also urge expansion of funding for the surgical care to cure blindness in children as recommended by the House.

1. Need to Expand Vitamin A Program

The World Summit for Children, under sponsorship of UNICEF, was held on September 30, 1990, at the United Nations. It was attended by many heads of state from around the world. Ultimately, the declaration of the World Summit for Children was signed by some 159 countries. I am proud to say that the United States was one of them. HKI was happy to be an NGO participant in the World Summit meeting which recognized the important role played by NGOs worldwide in Child Survival.

Vitamin A deficiency has been known to be responsible for about 5 million new cases per year of eye disease in children in developing countries. Five hundred thousand children

are estimated to become blind each year. In response to these facts, the Congress and AID initiated a Vitamin A deficiency support program. Helen Keller International began its Vitamin A program in Asia some 15 years ago. Although we have been in Asia for 15 years, we have never been able to develop a program in countries devastated by the Viet Nam War. We would like to change that and are attempting a new initiative for Cambodia which we hope can be supported through AID funding.

Vitamin A deficiency exists in severe form in Africa as well. The countries with the severest problems are those in the West African Sahel but the problem must likewise be most severe in drought and famine stricken Eastern and Southern Africa. The Vitamin A program needs continued expanded funding to assess need and to develop programs throughout Africa.

Studies in Asia and Africa between 1982 and 1986 as well as a just completed study in Ghana have shown a marked decrease in mortality and morbidity among children when Vitamin A programs are initiated. Mortality decreases demonstrated by these studies have been 35 to 50 percent when Vitamin A is given. These studies have involved high dosages of Vitamin A in children. Studies have also indicated that improved growth patterns occur and there are decreased rates of anemia, infections and diarrhea. To date, in focusing only on nutritional blindness, we have reached only a third of the children in need.

There is little doubt that Vitamin A deficiency is a significant factor in not only blindness but also childhood mortality, infections and anemia in Asia and Africa. The total cost of getting a capsule to a child is only $1.00 per capsule and a capsule must be delivered only twice a year.

We recommend an increase of $3 million for the AID Vitamin A program bringing it to a total of $13 million for 1992. We support the House bill which earmarks $20 million for Vitamin A deficiency and iodine deficiency programs of which $13 million must be expended for Vitamin A. This recommendation is consistent with the proposal in H.R. 1633, sponsored by Congressman McHugh and others, entitled the World Summit for Children Implementation Act of 1991. HKI believes that the appropriate focus of this assistance should be upon the use of U.S. PVOs to develop programs and train and assist indigenous PVOs to implement the programs over time. HKI currently operates such a program known as VITAP funded by AID, the Vitamin A Technical Assistance Program. The focus of the Vitamin A program increases should also be on program development in Africa which has tremendous need for this program and on Cambodia and other countries in Indo-China.

2. Child Survival

As this Committee said in its foreign operations report for fiscal year 1991, you recognize that saving and improving the lives of children is one aspect of foreign assistance that has been shown to work, and that funding for immunization, child survival, health, including nutrition, and other programs can be traced specifically to keeping children alive. Children are our future, not just at home but throughout the world. They are our hope. Investment in their health will assure a better and more stable future. Your Committee

recommended and Congress provided funding of about $100 million in fiscal year 1991 for the Child Survival Fund, and we would hope that it could be increased to at least the House level of $140 million from the development assistance program and $275 million in total.

As noted earlier in this testimony, the recent World Summit for Children, under sponsorship of UNICEF produced a World Declaration on the Survival, Protection and Development of Children, which was signed by 159 national leaders including the United States. A part of that same document is a Plan of Action. We at Helen Keller International were NGO participants in this program and fully support all (7) major goals. Additionally, we would like to emphasize several Supporting/Sectoral goals which relate especially to the activities and interests of Helen Keller International and the high impact of Vitamin A programs on the health and survival of children. They are under Nutrition items as mentioned in the report. They are:

(1) Reduction in severe, as well as moderate malnutrition among under-5 children by half of 1990 levels;
(2) Virtual elimination of vitamin A deficiency and its consequences, including blindness;
(3) Empowerment of all women to breast-feed their children exclusively for four to six months and to continue breast-feeding, with complementary food, well into the second year;
(4) Growth promotion and its regular monitoring to be institutionalized in all countries by the end of the 1990s;
(5) Dissemination of knowledge and supporting services to increase food production to ensure household food security.

and under Child Health items:

(1) Reduction by 95 percent in measles deaths and reduction by 90 percent of measles cases compared to pre-immunization levels by 1995, as a major step to the global eradication of measles in the longer run;
(2) Maintenance of a high level of immunization coverage (at least 90 percent of children under one year of age by the year 2000) against diphtheria, pertussis, tetanus, measles, poliomyelitis, tuberculosis and against tetanus for women of child-bearing age;
(3) Reduction by 50 percent in the deaths due to diarrhea in children under the age of five years and 25 percent reduction in the diarrhea incidence rate;
(4) Reduction by one third in the deaths due to acute respiratory infections in children under five years.

Assurance of increased funding for Child Survival as suggested above would allow continued support of HKI's child survival activities in the developing world, especially in the areas listed above.

The World Summit for Children held on September 29-30, 1991, also expressed the importance of NGOs/PVOs worldwide in their role in Child Survival programs and we hope that your Committee agrees with the World Summit in this regard. My reason for feeling the need to reiterate this point is because we are concerned that the vital role of PVOs in AID programs seems less clear today than in the past.

3. Treatment of Blindness in Children by PVOs

There are a large number of children in the developing world with types of blindness which can be surgically corrected. These children have unfortunately not been reached by prevention programs such as Vitamin A distribution. However, surgical intervention can cure blindness such as juvenile cataract, corneal scarring, and retinopathy of prematurity in many of these children and enable them to function independently and productively. The House bill includes $1 million for such a program utilizing PVOs. We would urge that the funding be expanded to enable the program to reach more children and to enable the funding of surveillance and planning activity to target resources appropriately.

HKI devotes major attention and resources to systemic prevention of eye disease through improvements to the primary health structure. Blindness caused by vitamin A deficiency mentioned earlier and blinding onchocerciasis are all preventable in the early states with proper identification and treatment which usually originates at the village level.

Of the estimated 2,000,000 blind children in the world, there are a number who could benefit from surgical intervention. Juvenile cataract, corneal scar and retinopathy of prematurity are correctable under specialized conditions by ophthalmologists and public health personnel trained in identification and referral surgical procedures and follow up. Parents, teachers and health personnel can identify and refer children with serious eye problems. Further diagnosis with a careful case history of the child by an eye doctor can lead to sight restoration. Restored sight and productive lives obviate an unnecessary and tragic social, technological and economic consequence.

HKI proposes to establish in collaboration with the International Council of Opthalmology regional technical advisors for program implementation and management in each major region of the developing world. This presence, appropriate referral and surgical intervention will be accomplished by activating indigenous personnel. Assessment of the problem, planning, training and equipping will lead to a program of restorative operations for juvenile cataract and corneal scarring. Other eye conditions will be assessed for potential treatment with well equipped and newly trained professionals. Only eye problems with a high potential for success will be treated so as not to raise false expectations.

4. Onchocerciasis

Onchocerciasis (river blindness), a disease occurring mostly in sub-Saharan Africa but to a more limited degree in Central and South America, affects some 20 million people worldwide. Some 300,000 are known to be blind in Africa alone.

Great progress has been made in controlling this disease in 11 countries of West Africa by the WHO Onchocerciasis Control Program (OCP) through aerial spraying of affected river valleys with insecticide to kill the black flies which transmit the disease over the past 15 years. As a result, transmission of the disease has ceased in two countries central to the affected area and is greatly reduced in others. This notable progress in the control of the third ranked blinding disease needs to be maintained.

The 11 OCP countries of West Africa are less than half of the countries affected in Africa. In Nigeria and the countries of Central Africa there is perhaps 50% of disease affected populations which still await control of severe blinding endemic onchocerciasis. Luckily, there is now available a highly effective and safe drug, Ivermectin, provided free by its manufacturer, Merck & Co. of Rahway, N.J. The challenge is to distribute the drug on a community-wide basis through out the rural affected zones where there is limited accessibility.

We urge continued U.S. participation in the funding of OCP. We also urge adequate funding of U.S. PVOs many of whom already work in the rural areas of Africa and Latin America and to add ivermectin distribution to their activities. Last year Congress made available $5 million for onchocerciasis control making up to half of it available for use by U.S. PVOs to distribute ivermectin. Unfortunately, the U.S. Agency for International Development decided to make about $2.5 million available to U.S. PVOs but spread over a period of three years and limited to eight countries (six in Africa and two in the Americas). The amount of money available per country per year is entirely too small to mount effective programs. Our own estimates of average annual program costs amounts to approximately $400,000 per country to sustain an effective program. We had believed that the funds identified by Congress as available for this program were to be expended in one fiscal year, the fiscal year 1991.

We appeal to Congress to make $6.5 million available this year with the understanding that $5 million be utilized by the Onchocerciasis Control Program of the World Health Organization and $1.5 million be used to expand the ivermectin distribution program. The cost of the many aspects of community development necessary to design, develop, train community participants and to monitor such programs are beyond what has been allowed by AID, to date, and needs to be expanded.

Thank you for this opportunity to testify and for the strong support of this Subcommittee for humanitarian forms of assistance such as child survival and nutrition programs and for U.S. PVOs. I am available to answer questions.

RIVER BLINDNESS

Senator LEAHY. Thank you very much, Doctor. We were impressed by the points you made about vitamin A and river blindness projects in East Africa.

I visited there last year and unfortunately I had to cut my trip short after I injured my own eye in an entirely unrelated incident.

When any type of blindness can be avoided with amounts of money comparable to what we might spend for lunch here in Washington, when that is possible, it is crazy not to do it.

I cannot imagine how terrible it would be for anybody with any type of blindness, if they thought they had had a chance at some point in their life, to avoid blindness, and had not avoided it.

I want to commend you on your efforts.

STATEMENT OF TERRY LIERMAN, VICE-CHAIRMAN, WASHINGTON ADVISORY COUNCIL FOR UNICEF, THE UNITED NATIONS CHILDREN'S FUND

Senator LEAHY. Terry.

Mr. LIERMAN. Mr. Chairman, thank you for allowing me the honor to testify today. I am wearing my volunteer hat for UNICEF.

I would like my full statement, if possible, to be included in the report, as well as a report of the State of the World's Children for 1991.

Frankly, talking with you, as Maggie would say, is like carrying coal to Newcastle. I will make it very brief. The administration has requested a 20-percent decrease in their funding for the UNICEF program worldwide.

We are proposing a budget of $85 million which is $10 million over the current year's level for UNICEF. Two years ago when I testified before this committee, we made a pledge that we would immunize 80 percent of the world's children, and, frankly, that has been done now. We are very proud of that.

As a result, just in the last 2 years, 12 million children have been saved; 500,000 fewer children have had polio, and it is an accomplishment that is probably unprecedented in the world's history, but without your support and the support of the committee, it would not have ever happened.

You are familiar with the work of the Washington UNICEF Council, and our chairman, Abe Pollin, sends you his greetings. But, we could spend the rest of our lives saving the money and trying to collect the moneys for the program that UNICEF needs and the programs in the foreign operations bill can spend that in a day's time.

We appeal to you for the increase that we are requesting, the $85 million. I think it is very important; it is vital. You are a father and you know what it is like to have children. You are involved in the WIC program with another hat.

PREPARED STATEMENT

The funds will be used for immunization, for feeding programs, and for programs relating to water supply. All over the world, a healthy child speaks for itself.

I thank you for your interest and support.

[The statement follows:]

STATEMENT OF TERRY LIERMAN

Thank you, Mr. Chairman, for the opportunity to return before this subcommittee today to report on the continuing progress of UNICEF, the United Nations Children's Fund. It has been two years since my last appearance and I welcome the chance to address the many gains UNICEF and its partners have achieved on behalf of the world's children over these extraordinary months. On behalf of our Council's

chairman, Abe Pollin, I would like to pass on his best wishes and warmest regards. He regrets not being able to appear before you today.

Mr. Chairman, I regret the need to preface my comments by expressing alarm regarding the Administrations' proposed 27 percent reduction in the U.S. contribution to UNICEF for Fiscal Year 1992. As an American taxpayer, who has great admiration for UNICEF's work, I don't understand how my government could propose such a devastating cut, or any cut in UNICEF's funding. I believe all children, including America's children, deserve the highest priority. Therefore, I appear before this key supportive Subcommittee today to ask for an increase in UNICEF's appropriation.

Mr. Chairman, I recognize and appreciate with all my heart the leadership role which you and your colleagues have played in the creation and expansion of the child survival and development program and in the annual rescue of UNICEF from the cold budget axe. I want you to know that we, as private citizens are doing everything we can to match your support to UNICEF with our own donations. This is a true public-private partnership.

As you may know, Abe Pollin established the Washington Advisory Council for UNICEF in 1984 and recruited me and others to help inform the Washington area about UNICEF's efforts to improve the health and well-being of the world's children. Since then, we have raised over $1 million to support UNICEF-assisted projects in Uganda, Niger, Mexico and Cambodia.

Our most recent adopted project in Cambodia is designed to address hunger and disease. Our Council is committed to raising $350,000 over two years to support UNICEF-assisted projects in Phnom Penh and 11 surrounding provinces where 74 percent of the population lives. With our help, UNICEF will immunize the children, distribute essential medicines, and stock the health posts with oral rehydration packets.

Mr. Chairman, this is but one concrete example of UNICEF's work. Similar projects can be found in 120 developing countries and similar examples of American volunteer response to the needs of the world's children can be found all across this country.

When I appeared before this subcommittee two years ago, I reported that UNICEF and its partners had made great progress toward achieving 80 percent universal child immunization by 1990. By early 1989, UNICEF and WHO were reporting that approximately two-thirds of the world's children had been immunized. A great push was on to achieve the 80 percent target and we urged the Congress to increase the U.S. contribution to UNICEF to help fuel the expansion necessary to reach those last 14–15 percent. These were the most difficult to reach as they represented the least accessible children. However, thanks to the leadership of the Congress, and the support of the American people, I am delighted to report today that the goal has been reached!

These successes have had a great impact on millions of families in the developing world. Over 12 million young lives have been saved and at least one-half million young children have been spared the crippling effects of polio. Oral rehydration therapy has been made available and is in use by some 30 percent of families saving millions more children. Perhaps of equal importance is the related subsequent reduction in child births which will occur as parents become more confident that their first children will survive and choose to limit the size of their families.

It is with a view toward greater goals that UNICEF suggested a World Summit for Children in late 1989, a historic meeting of heads of state solely on the situation of the world's children. As you know, such a Summit was held last September at the United Nations. In all, 71 world leaders participated in the Summit, including President Bush. At its conclusion, the world leaders approved 20 new child related goals for the year 2000, including: A one third reduction in child mortality rates; a halving of maternal mortality rates; safe water and sanitation for all families; reduction of severe and moderate malnutrition among children under five to one-half of 1990 levels; and universal access to basic education and completion of primary education by at least 80 percent of primary school age children.

Mr. Chairman, these doable goals are the promises of 71 heads of state to the world's children. A promise to give the needs of children the highest priority no matter that—a "first call" for children on society's resources in good times and bad. The challenge before us now is to make available the resources necessary to make these promises come true.

Mr. Chairman, before closing, I would like to highlight one specific action our country can take to make good on one of the promises made at the World Summit for Children. I am referring to ratification by the United States of the UN Convention on the Rights of the Child. I know that you and other Subcommittee Members were instrumental last year in the passage of a Resolution calling for ratification of the Convention. You have shown great leadership on behalf of children, including

those in the United States. However, more than 18 months after adoption of the Convention by the UN General Assembly and ratification by 90 countries, the U.S. has yet to sign this treaty.

The United States is among relatively few nations that have not at least signed the Convention, despite great interest by many prominent Americans and organizations. I urge this key subcommittee on foreign aid issues to continue encouraging the Administration to sign and forward the Convention to the Senate for ratification.

Mr. Chairman, I simply want to express my sincere appreciation to the whole subcommittee for its support of UNICEF and the child survival program. I assure you as an American taxpayer and private donor that our dollars are saving lives and brightening the future for millions of mothers and children. I know the budget is tight. However, on behalf of the American constituency for UNICEF, I hope you can find room to increase the appropriation for UNICEF to $85 million for fiscal year 1992. Thank you. I would like to submit for the record the summary of UNICEF's 1991 report on The State of the World's Children.

I would be happy to answer your questions.

UNICEF

Senator LEAHY. Thank you very much. I think that the decrease for UNICEF requested by the administration was callous at best and disgraceful at least. It is just ridiculous that we could spend $1 billion a day to get the Emir of Kuwait back on his golden toilet, but we cannot devote more funding to helping children worldwide.

We are going to speak about how the United States shows its leadership. There are many ways of doing it other than with bombing runs.

STATEMENT OF MARILYN ROCKY, NATIONAL DIRECTOR, CHILDHOPE USA, INC.

Senator LEAHY. Ms. Rocky.

Ms. ROCKY. Thank you. Mr. Chairman, members of the committee, my name is Marilyn Rocky. I am the national director of CHILDHOPE USA. CHILDHOPE is an international organization that works with street children and their families in the urban centers of the Third World.

It is a pleasure to submit this testimony before the Senate Subcommittee on Foreign Operations and we are thankful for the committee's continued interest in and recognition of the needs of these youngest and most vulnerable citizens, and we commend the committee for its long-term vision in including the needs of street children in it support for overseas development assistance.

An estimated 100 million children and youth live or spend the majority of their lives on the streets of the developing world. In the past, and even today in some parts of the world, the growing street children population and their problems have been ignored.

In other cases, street children have been treated as a public nuisance. Today in some countries, specifically Brazil and Guatemala, they have become targets of death squads, vigilante groups who willfully torture and murder street children as a solution to the growing crime statistics.

Street children today represent one of the most exploited and rapidly growing minorities and one of our most poignant social challenges, and now with the AIDS pandemic, that is also contributing to the number of street children.

The World Health Organization estimates that 10 million children worldwide will be orphaned by AIDS by the year 2000, the

majority of these AIDS orphans will be in developing countries and many are already winding up on city streets, especially in Africa.

Three years ago, Mr. Chairman, CHILDHOPE received $3 million from this committee, at that time channeled through the U.S. contribution to UNICEF. In the past 3 years this funding has helped CHILDHOPE to develop an international network of resources and programming on behalf of street children and their families through our regional offices in Brazil, Guatemala, and the Philippines.

CHILDHOPE now seeks an additional direct supplemental grant of $5 million, that's 5 cents per child of the 100 million street children, to build on the international networks it has established, to provide services to meet the needs it identified in its research over the last 3 years, and leverage additional resources to make its entire network financially self-sufficient and sustainable.

In the 3 years since CHILDHOPE received U.S. Government funding, CHILDHOPE has been able to use this money to build an international infrastructure on behalf of street children. Specifically, our office in Guatemala is now recognized by UNICEF as the leading source of expertise in street education for Latin America.

UNICEF recently signed an agreement with the office in Guatemala to establish a training center for street educators there. In Southeast Asia we have been able to open up dialog with countries who 3 years ago that did not even admit they had street children, including Vietnam, mainland China, Indonesia, and Malaysia and most recently we have been contacted by Cambodia and Burma.

CHILDHOPE realizes that these initial accomplishments have reached only a small minority of the world's street children. Government and welfare officials, CHILDHOPE representatives, and UNICEF officials report dramatically growing numbers of street children worldwide. In short, our extensive networks are of limited value without the resources to turn awareness into action.

CHILDHOPE, therefore, seeks $5 million, again, 5 cents for each of the 100 million street children in supplemental funding to continue to build on the programming it has established worldwide.

We need to deal with the health needs of street girls. We need to get into AIDS education and prevention. We need to protect the rights of street children. We need to do local training programs and street education, income generation, vocational education, and expand into new geographical areas, sub-Saharan Africa and Eastern Europe.

In sum, additional funding will enable CHILDHOPE to leverage other funding sources worth up to two to three times the amount of funding it receives from the U.S. Congress. In this way, CHILDHOPE's efforts will truly be sustainable, locally-based, and effective.

In conclusion, Mr. Chairman, I just want you to know and I mean this sincerely that what you did 3 years ago for CHILDHOPE has brought street children into development assistance programs. Normally, they are outside of development because they are in the shadows of the cities.

PREPARED STATEMENT

You have set an important precedent. If one child in your community or one child in any of our communities lived the life of the street child from a Third World city, every single one of us would stand up and protest it from the inside of our deepest being. Their lives are lived in the most squalid and the most miserable states.

The good news is, something is being done, and we ask that your concern for the needs of these children be considered for this next fiscal year.

Thank you.

[The statement follows:]

STATEMENT OF MARILYN ROCKY

INTRODUCTION

Mr. Chairman,

Members of the Committee,

My name is Marilyn Rocky, National Director of CHILDHOPE, USA. CHILDHOPE is an international organization that works with street children and their families in the urban centers of the Third World. On behalf of CHILDHOPE, it is a pleasure to submit this testimony before the Senate Appropriations Subcommittee on Foreign Operations.. We are thankful for the Committee's continued interest in and recognition of the needs of these youngest and most vulnerable citizens, and we commend the Committee for its long-term vision in including the needs of these boys and girls in its supoort for overseas development assistance.

The purpose of my testimony today is: (1) to review the major challanges facing children of the street in their daily struggles to survive, and, (2) to advocate for a more aggressive program of development assistance for street children in the Third World, as reccommended by world leaders during the World Summit for Children last September.

A VIEW FROM THE STREETS

An estimated 100 million children and youth live or spend the majority of their lives in the city streets of the developing world. Most of these children, perhaps as many as 75 percent, are working street children. They live at home but are forced into the streets to contribute to their family's meager income in whatever way they can: shining shoes, selling newspapers, hauling garbage, begging or "survival sex," -- selling their bodies to earn income.

The rest of these street children, called children "of" the street, live, work and sleep on Third World city streets, maintaining minimal or no ties with their families. These

are the "brothers" and "sisters" of the street. They band together, forming surrogate families because their own families and societies have left them to fend for themselves.

When examined by country and city, the sheer number of street children is overwhelming:
--In Brazil alone, UNICEF estimates that 17 million children and youth work on the streets, and 7 million live on the streets.
--In Mexico, an estimated 10 million children and youth work on the streets, and some 250,000 live on the streets.
--In Manila, the Philippines, some 50,000 to 75,000 children live on the streets.

--In Khartoum, Sudan, an estimated 10,000 children live on the streets.
--In Thailand, an estimated 800,000 girls under the age of 20 work on the streets or in brothels as prostitutes.

In the past, and even today in some parts of the world, the growing street children population and their problems have been ignored. They comprise a population that does not show up in health statistics, in the public education system or in national concensus. The traditional response to homeless and abandoned youth, in both the developing and industrialized worlds, has been to institutionalize them, housing them in state reform schools or isolated residential institutions.

In other cases, street children have been treated as a public nuisance. Today, in some countries, they have become the targets of "death squads," vigilante groups who willfully torture and murder street children as a solution to the growing crime statistics.

The most commonly asked questions about these street children are: Where do they come from and how can there be so many? The causes range from the obvious to the not so obvious: urbanization and its underlying causes, the debt problem, economic stagnation, drought, deforestation and other forms of environmental degradation. Rapid population

growth, unsustainable agricultural practices and government policies that have subsidized urban dwellers at the expense of rural farmers have forced increasing numbers of families and youths in the developing world to move to cities in search of economic opportunities..

As more and more families in the developing world settle in marginal areas near large cities, they will continue to lose the social and kinship networks found in rural areas. The side effects of this increasingly urban-based poverty are devastating: a lack of access to education; the break-up of families; under and malnourishment; inadequate health services; susceptibility to infectious diseases; vulnerability to AIDS and other sexually-transmitted diseases; physical and sexual abuse; drug abuse, and prostitution. All of these side effects impact most directly on the children of these poor urban dwellers, forcing increasing numbers of these children to turn to the streets to contribute to their family's meager income.

Street children today represent one of the most exploited and rapidly growing minorities, and one of our most poignant social challenges. Although many local projects have been established for them, ranging from initial street outreach and overnight shelters to multi-phase community initiatives with a wide range of integrated services, the most basic needs of the vast majority of children for whom the street is workplace, playground and even home, remain unmet. The severe economic crises which currently cripple the economies of many developing countries further exacerbate the risks facing these youngsters whose childhoods are too often spent in alleyways, marketplaces, and city slums.

Added to this grim picture of growing urban poverty in developing countries, the desperate circumstances of street children and their families is further worsened by both natural and man-made disasters, displacing them from already difficult circumstances. In these years, no one has to tell an Ethiopian family about the terrors of drought; no one needs to explain the awful consequences of flood to families in Bangladesh; and no one needs to describe to a Central

American what happens to homes and families in earthquakes and hurricanes.

During the past four decades, the Third World has also been the stage for man-made calamity - the earth's battlefield where armed violence has shown consistent increase and where civilians have accounted for up to 90 percent of all casualties. In urban warfare, street children have been among the most at risk as bystanders, and among the most sought after for conscription in one cause or another. Violence in rural areas has sent families and unaccompanied minors racing for the protection of urban strongholds, and consequently, to the streets. Orphans, refugees and displaced children, without the family's safety net, have been made prime candidates for street life. The AIDS pandemic is also contributing to the number of street children. The World Helath Organization estimates that 10 million children worldwide will be orphaned by AIDS by the year 2000. The majority of these AIDS orphans will be in developing countries and many are already winding up on city streets, especially in Africa.

In spite of these gloomy statistics, there are a growing number of programs in developing countries seeking to provide services to these children and youth. While the traditional response to homeless, abandoned or working youth has been to institutionalize them, the majority of programs are now turning to more innovative program models, including:

--Street education -- working with children where they are: in marketplaces, under bridges, in city parks and streets.
--Non-formal education that replaces traditional academic learning with practical living skills including literacy and numeracy.
--Vocational education and income generation programs that improve the opportunities for non-expolitative work.
--Health sevices and health education projects that reach street children with messages that are understanable and frequently designed by the children and youth themselves.

GOALS AND OBJECTIVES OF CHILDHOPE.

CHILDHOPE received $3 million for three years in Fiscal Year 1989 from the U.S. Congress (channeled through the U.S. contribution to UNICEF). In the past three years, this funding has helped CHILDHOPE to: develop an international network on behalf of street children and their families with offices in Brazil, Guatemala and the Philippines; conduct important research into the needs of street children; and build a self-supporting regional network in Central America. CHILDHOPE now seeks an additional supplemental grant of $5 million to: build on the international networks it has established; provide services to meet the needs it identified in its research; leverage additional resources to make its entire network financially self-sufficient and sustainable.

CHILDHOPE's chief goal during the last three years has been to work with local organizations to increase awareness about and provide effective and appropriate services for street children. CHILDHOPE was founded as a movement of non-governmental organizations in 1986 to act as an international advocate for street children by promoting international awareness and the development of effective and comprehensive services for street youth and children.

CHILDHOPE provides services only in conjunction with local organizations, public and private, by providing training, technical assistance and promoting awareness about the needs of street children on a local, national and international level. By working with local organizations, CHILDHOPE insures that its efforts are culturally appropriate, culture-specific and sustainable.

CHILDHOPE ACCOMPLISHMENTS 1988-1991

In the three years since it received U.S. Government funding, CHILDHOPE has been able to use this money to build an international infrastructure on behalf of street children. Specifically, some of the major accomplishments funded through the Congressional appropriation include:

--CHILDHOPE's regional office in Guatemala is now recognized by UNICEF as the leading source of expertise in street education for Latin America; UNICEF recently signed an agreement with the office in Guatemala to establish a training center for street educators there.
--CHILDHOPE Guatemala conducted a series of studies into the special needs of street girls that have already led to major expansion of services on behalf of this particularly vulnerable population.
--CHILDHOPE Southeast Asia organized the First Southeast Asia Regional Conference on Street Children. This important meeting for the first time brought together countries that had not previously admitted that they even had street children, including Vietnam, China, Indonesia, and Malaysia.
--The conference also led to the formation of the Southeast Asian Regional Network for Street Children. Philippine President Corazon Aquino, who presided at the conference, subsequnetly set aside a $1 million fund for street children's projects.
--Since the conference, CHILDHOPE Southeast Asia has led exploratory visits and study tours to Indonesia, Malaysia, Thailand, Vietnam and China. These initial visits have already led to expanded services for street children.
--CHILDHOPE's research on street children in the Philippines led to new services for these youth, including a collaborative program with the Philippine Red Cross to provide comprehensive health services to street children.
--CHILDHOPE's training efforts in Brazil have reached more than 2,000 street educators with literacy education and nonformal education techniques.
--Responding to recent killings of street children, CHILDHOPE's Brazilian office has been at the forefront of an initiative to raise awareness about violence against street children and establish community-based defense mechanisms.
--CHILDHOPE USA produced a series of working papers and fact sheets on the conditions of street children and made presentations on street children before major local, national and international conferences. CHILDHOPE USA was one of the chief organizers of the 1990 International Conference on Homeless Youth and AIDS, an event that led to increased attention to street children and their high risk of acquiring AIDS.

--In East and West Africa, CHILDHOPE has worked with local organizations to conduct studies on the needs of street children in Senegal, Botswana and Uganda, among others.
--In India, CHILDHOPE assisted in the formation of a national movement on behalf of street children, and contributed to the goverment's national plan for working children in 1989.

CHILDHOPE PROSPECTS AND PLANS 1991-1994

CHILDHOPE realizes that these initial accomplishments have reached only a small minority of the world's street children. Goverment welfare officials, CHILDHOPE representatives and UNICEF officials report dramatically growing numbers of street children worldwide. In short, our extensive networks are of limited value without the resources to turn awareness and research into action.

CHILDHOPE therefore seeks $5 million in supplemental funding to continue to build on the networks it has established worldwide. While our funding to date has allowed us to conduct important research on the needs of street children, we need additional resources to enable our international representatives to turn their studies and research into services for street children. These services must also be expanded to address emerging needs such as AIDS education and income generating projects for street children.

Specifically, for 1991-1994, CHILDHOPE propses the following initiatives with the support of the U.S. Congress:

--Street Girls: Support programming on the special health needs of street girls.

--AIDS Prevention: CHILDHOPE proposes a major expansion in AIDS prevention among street children. This will include development of education materials, training of personnel in AIDS prevention and incorporating AIDS prevention into already existing programs for street children.

--Protecting the Rights of Street Children: Among CHILDHOPE's specific projects will be a hotline and community protection system in Rio de Janeiro that will work in conjunction with local organizations to actively protect the rights of street children and seek legal prosecution for those who infringe upon their rights.

--Regional and Local Training Programs in Street Education: Having established its training program for street educators within Latin America, CHILDHOPE proposes to expand this training program to include other regions of the world as well.

--Income Generation and Vocational Education: CHILDHOPE proposes to support a series of model programs in income generation for street children.

--Awareness and Advocacy: CHILDHOPE proposes to increase its efforts to raise awareness about street children among the international development community.

--Expansion into new Georgaphical Areas, Including Poland and Sub-Saharan Africa: CHILDHOPE will take its successful programmatic efforts into new regions, where it has already had requests for assistance.

In sum, additional U.S. funding will enable CHILDHOPE to leverage other funding sources worth up to two to three times of the amount of funding it receives from the U.S. Congress. In this way, CHILDHOPE's efforts will truly be sustainable, locally-based and effective.

CONCLUSION

Mr. Chairman, when this Committee appropriated funds to CHILDHOPE three years ago, you set an important precedent for street children. Your recognition and concern for the needs of these boys and girls has led to a national and

international awareness of their desperate situation. You have given credibility to the issue and given hope to millions of children who have lived their short lives without any vision of a better future. Things will continue to change for the better for street children as long as we can build on the momentum started here a few years ago. I ask that your consideration and support for CHILDHOPE's work be continued.

Thank you.

STREET CHILDREN

Senator LEAHY. Funding for aid to street children was $3 million 2 years ago.

Ms. ROCKY. Yes; 3 years ago.

Senator LEAHY. I have walked around some of these countries and seen these street children. I agree with what you say about the squalor. Also, I would hope that we would—and I know you do not mean this, we would not overlook the fact that we also have street children here in this country.

Ms. ROCKY. Yes.

Senator LEAHY. I invite you to walk in the South Bronx or the slums of Los Angeles or Washington, DC. You and I could walk out of here right now and in a manner of 20 minutes see terrible treatment of children, rat-infested homes, children chewing on lead-based paint, and countless other things.

But I commend what you have done with your program and I commend your organization for having the conscience to go out and do it.

STATEMENT OF DONALD J. KROGSTAD, PRESIDENT-ELECT, THE AMERICAN SOCIETY OF TROPICAL MEDICINE AND HYGIENE

Senator LEAHY. Doctor Krogstad.

Dr. KROGSTAD. Thank you. My name is Donald Krogstad. I am associate professor of medicine and pathology at Washington University where I conduct basic research on malaria, teach and see patients in medicine and infectious disease. I am also president-elect of the American Society of Tropical Medicine and Hygiene.

I thank you for the opportunity to testify today in support of the health budget for the Agency for International Development, AID.

We recognize that this subcommittee has been supportive of AID's health programs in the past and urge the subcommittee to continue its record of support for tropical disease research in fiscal year 1992.

The American Society of Tropical Medicine is made up of 2,300 professionals actively involved in and committed to the health needs of the 2 billion people in the developing world.

The collective expertise of our members is in basic science, public health, epidemiology, and medicine. From these perspectives, we believe we can provide helpful information about the role that AID plays in international health and in supporting research for the development of disease control measures.

In the interest of time, I call your attention to only four of the many important health areas supported by AID. First in the malaria, a disease that takes millions of children in Africa alone each year, a long-term program for the development of a malaria vaccine and important support for community-based diagnosis and treatment centers in Africa, Asia, and South America.

Second, schistosomiasis, a debilitating disease that wears people down and debilitates them with chronic infection, innovative programs in Cameroon and Egypt, designed to elucidate the basis of transmission and interrupt that transmission.

Third, onchocerciasis, as has already been alluded to, AID supports with WHO and has created a program to distribute the life-saving drug, Ivermectin, to prevent blindness in West Africa due to onchocerciasis.

Fourth, AID has provided critical support for the special program for research and training at the World Health Organization during the last decade and a half. That support has been essential to the small cadre of investigators who work on these problems worldwide.

Finally, we are aware that a reorganization of AID has been proposed. We recognize that the meaning and management of areas such as operations research and applied research in those plans will need to be clarified.

However, rather than comment on the specifics of those or other potential plans, we would prefer to simply emphasize the functions that we believe need to be preserved in any reorganization, should a reorganization take place.

We believe that long-term support for programs to combat diseases such as malaria, schistosomiasis, onchocerciasis is essential. Many of the programs developed by AID provide the only support available to make the transition from the basic science discovery at the laboratory bench to the application of that discovery in the field, where it can save lives and reduce suffering.

PREPARED STATEMENT

For these reasons, the American Society of Tropical Medicine and Hygiene respectfully requests that the subcommittee provide $140 million for AID for health in fiscal year 1992, the same figure recommended by the House.

Thank you for your time. I would be pleased to address any questions you may have.

[The statement follows:]

STATEMENT OF DONALD J. KROGSTAD

Thank you Mr. Chairman. My name is Donald Krogstad. I am Associate Professor of Medicine and Pathology at the Washington University School of Medicine, where I conduct basic research on malaria, teach medicine, and see patients in internal medicine and infectious disease. I am also President-Elect of the American Society of Tropical Medicine and Hygiene, a professional society of researchers, professors, and practitioners dedicated to the prevention and treatment of tropical diseases, primarily infectious diseases. I would like to request that my written statement be placed in the record.

I would like to thank the Chairman and Members of the Subcommittee for the opportunity to testify today in support of the Agency for International Development (A.I.D.). We recognize that the Subcommittee has been supportive of A.I.D.'s health programs in past years and we urge the Subcommittee to continue its record of support for tropical disease research in FY 92, particularly for malaria vaccine development, which has been its main research activity.

Background

The ASTMH membership is made up of 2300 persons actively involved in and committed to the health needs of the 2 billion people in the developing world. The collective expertise of our members is in areas of basic science related to the developing world, and in public health, epidemiology, and medicine. From these perspectives, we believe that we can provide helpful information about the role that A.I.D. has played in international health and in supporting research for development of disease control measures.

First, I would like to describe the important health work that is supported or carried out by A.I.D.. Next, I will explain how A.I.D. has collaborated and coordinated with other agencies to maximize the effectiveness of Federal resources in this area. Finally, I will share with you some issues that ASTMH believes are worthy of consideration by your Subcommittee.

A.I.D.'s Health Projects

A.I.D. has recognized that the success of its development mission is at least partially dependent upon the health of local people. It would be difficult to achieve economic progress in areas where people are so ill that they can not work and where there are high mortality rates in children and adults. Consequently, A.I.D. has put in place a number of unique -- and critically important -- health programs in developing nations.

Hundreds of millions of people in the developing world are infected with parasites and millions die each year from these infections. A.I.D. has many projects in place to control parasitic infection, but I will focus on two of the most prevalent diseases: malaria and schistosomiasis.

Malaria is estimated to infect some 300 million people and to kill 1 million children each year in Africa alone. A.I.D. has addressed this problem with four strategies:

* A.I.D. has developed successful village-based diagnosis and treatment facilities in Thailand that have been shown to reduce the frequency of malaria and are now a model for other developing countries.

* A.I.D. has developed some malaria control programs in Africa, Latin America, and the Caribbean that have employed operational research to test and demonstrate the importance

of insecticide-treated mosquito nets in reducing the frequency of malaria.

* A.I.D. has used the Combatting Communicable Childhood Diseases Program (CCCD) to define the most cost-effective malaria treatment strategies as resistance to chloroquine, a cheap and formerly universally effective anti-malarial, has spread across Africa.

* A.I.D. has made a long-term commitment to the development of a malaria vaccine -- without which a successful long-term solution to the malaria problem will be virtually impossible. Last year we spoke at length about the value of this program and we continue to strongly support this effort as it is the only major program to consistently support malaria vaccine research, and to maintain a network of academic institutions involved in this research.

Schistosomiasis impairs development by producing a debilitating chronic infection and is estimated to afflict between 200 - 300 million people in Africa, Latin America, and Asia. A.I.D. has addressed this problem by developing bilateral projects, particularly in Cameroon and Egypt, that involve local and U.S. scientists in comprehensive disease surveys, as well as basic and applied research.

A.I.D. also carries out important projects in a variety of other areas including, but not limited to, dehydration due to diarrhea, neonatal mortality, measles vaccination, and children's vaccine research.

A.I.D.'s Collaborative Efforts

A.I.D. has established a number of relationships with other agencies and organizations that support tropical medicine, including both government and non-government entities. Today, I'll mention just three of them.

* Onchocerciasis is caused by a microscopic worm (a microfilaria) and is the most important cause of blindness in West Africa. More than 20 million people are infected, many of whom will progress to blindness without treatment. A.I.D. and the World Health Organization are supporting the Onchocerciasis Control Programme to make treatment available to infected persons and to save their sight. Very recently, a very effective treatment has been developed by Merck, so the primary challenge today is to deliver the treatment to the many people in the developing world who need it.

* The Special Programme for Research and Training in Tropical Diseases of the World Health Organization is a unique source of funds for investigators working on tropical diseases throughout the world. A.I.D. has been a major supporter of this program for the past 12 years and we hope that support will continue. Research funded through this program has made possible substantial progress towards diagnostic tests for onchocerciasis, defining the basis of chloroquine resistance, and many other aspects of tropical diseases.

* Through interagency agreements, A.I.D. accesses technical expertise from the U.S. Public Health Service (PHS) agencies and provides financial support for tropical disease research, training, and control programs conducted by these agencies. A.I.D.-PHS agreements support work in vaccine development, child survival, field surveys, and research undertaken overseas and in Federal laboratories. For instance, through an agreement with A.I.D., investigators from the Centers for Disease Control (CDC) are able to provide expert assessments

of malaria and other tropical diseases on site in the developing world. And, for many years now, A.I.D. has participated in a tropical diseases program with Egypt and Israel. In addition, A.I.D. is partners with NIH, CDC, and FDA in a recently-approved health project in Cairo, Egypt. A.I.D. also supports NIH-managed research on malaria immunology, vaccine development in India, and insect-borne diseases in Egypt. These investments pay dividends not just for A.I.D.'s development mission, but also for the United States, as we must know how to provide travel advice to our citizens and diagnostic and therapeutic advice for U.S. physicians.

Recommendations

ASTMH is aware that a reorganization of A.I.D. has been proposed by the agency in a May, 1991 "Management Action Plan" and that this proposal is under review by the Congress. We do not wish to make recommendations about any particular organizational structure, or even about whether a reorganization is appropriate. Instead, ASTMH would like to point out what should remain in place in any reorganization.

In our view, the health programs supported by A.I.D. are invaluable and appropriately reflect the Agency's unique mandate within the U.S. government for international assistance and development. Long term support for meaningful programs to combat tropical diseases, such as malaria, schistosomiasis, onchocerciasis, and others, is essential. Many of the programs supported and developed by A.I.D. provide the only support available for human resource development and applied research in the control of tropical disease, that is, research that is actually performed in a tropical setting. In addition, we would simply add that we believe that investment in these health programs provides the best long-term return on each taxpayer's dollar invested in foreign aid.

To continue this critical work, the American Society of Tropical Medicine and Hygiene respectfully requests that the Subcommittee provide FY 92 funding for the Agency for International Development at a level that would permit A.I.D. to continue effectively its current programs. In FY 91, A.I.D. Health Programs are funded at a level of $125 million; we urge this Subcommittee to provide $140 million for FY 92, the same figure that was provided in the House FY 92 bill. In addition, we urge the Subcommittee to continue funding for A.I.D's AIDS Prevention and Control and Child Survival Fund programs at current levels adjusted for inflations. Finally, we urge the Subcommittee to continue directing specific funding levels for each program, rather than adopting a consolidated Functional Development Assistance account.

Conclusion

We recognize that this is a uniquely tight budget year and that you have multiple worthy programs you must consider. However, we urge you to recognize the unique contributions of the tropical disease programs of the Agency for International Development and to continue your support for these critical programs which are not duplicated elsewhere.

Thank you for your time. I would be pleased to answer any questions that the Subcommittee may have.

ROLLCALL VOTE

Senator LEAHY. Thank you, Doctor. Your statement, like those of the others, will be placed in the record in full. I appreciate the time you have taken.

We have just begun another vote. This one is a 10 minute rollcall vote.

I will suspend these proceedings and I will go there. When we resume, we will continue with Andrew Manatos, Eugene Rossides, Joseph Youssouf, Ali Ferda Sevin, and Fred Haynes.

Thank you all.

[A brief recess was taken.]

STATEMENT OF ANDREW E. MANATOS, MANATOS & MANATOS, ON BEHALF OF THE UNITED HELLENIC AMERICAN CONGRESS, THE PANCYPRIAN ASSOCIATION OF AMERICA, AND THE AMERICAN HELLENIC ALLIANCE

Senator LEAHY. Mr. Manatos, let's start with you.

Mr. MANATOS. Thank you, Mr. Chairman. I will submit my testimony for the record and speak extemporaneously, if that is all right.

There really are very few points to be made. In essence, since we addressed the subcommittee last, I would like to review with you some of the things that occurred over this year. One, I would like to submit for the record, a recent report of the U.S. Military Sealift Command which shows a very interesting thing about the Persian Gulf effort.

[The information follows:]

[From the Journal of Commerce, June 18, 1991]

MSC TO NAME RELEASED CHARTER SHIPS

BUZZARDS BAY, MA.—The U.S. Military Sealift Command will make public shortly the names and owners of all ships it has released from charter for the Persian Gulf conflict, the Navy shipping agency's commander said.

Vice Adm. Francis R. Donovan said in an interview Saturday he will keep secret data on vessels that continue bringing military cargoes back to the United States, to protect those ships from potential terrorists.

Names, owners and other information on those ships will be released as they are turned back to their owners.

Adm. Donovan told Massachusetts Maritime Academy graduates that the Sealift Command last Aug. 17 began chartering foreign-flag ships when it became obvious that U.S. vessels could not carry all supplies needed for five Desert Shield divisions.

Foreign-flag vessels, he said, carried 20 percent of all U.S. cargoes to the Persian Gulf, most on single-voyage charters.

A Sealift Command spokesman earlier this month told The Journal of Commerce that the agency had chartered 180 foreign vessels, including 41 roll-on, roll-off ships, from 33 nations as of April 15 (see tables).

Adm. Donovan said in his speech those ships came from 38 countries.

U.S. PERSIAN GULF SEALIFT CHARTERS, BY FLAG

[As of April 15]

United States	32	Norway	21
Antigua	1	Panama	21
Bahamas	13	Peru	1
Bangladesh	1	Philippines	4
Bermuda	2	Poland	5
Cyprus	28	Romania	3
Finland	1	St. Vincent	1
France	1	Saudi Arabia	5
Germany	4	Singapore	7

U.S. PERSIAN GULF SEALIFT CHARTERS, BY FLAG—Continued

[As of April 15]

Greece	17	South Korea	1
Grenada	1	Sweden	1
Honduras	2	Turkey	2
Italy	6	United Arab Emirates	4
Liberia	4	United Kingdom	4
Malta	7	Vanatu	3
Netherlands	2	Yugoslavia	2
Netherlands Antilles	1		

Source: Military Sealift Command.

AMERICAN FLAG SHIPS

Mr. MANATOS. American flag ships were the largest number of ships to participate in the Persian Gulf effort. No. 2, of all the countries in the world, were Cypriot flagged ships, and No. 3 in the list of all of the countries in the world were Greek flagged and Greek-owned ships.

That is indicative of the effort that was put forward by Greece and Cyprus during the Persian Gulf effort led by the United States.

Another indication of the role and the sacrifices that were made by Cyprus and Greece was a Washington Post advertisement that Kuwait took out immediately following the war. It listed Greece as one of the very few countries in the world that participated by contributing both materials and manpower.

And Mr. Chairman, I know a subject that is of particular interest to you and that is, the things that the country of Greece has done domestically, that this new government in Greece has done that are very consistent with things that I know you have been urging for some time.

After this new government came to power, as you know, they renewed American bases immediately. They cooperated on terrorism issues as well as any country in the world cooperates, and they fully recognized Israel soon after they were elected.

What has been the response of the United States to Greece and to Cyprus? Well, in comparison, the response to Turkish cooperation has been that an estimated $2 billion worth of aid has gone to Turkey and an estimated $4 billion additional aid that is on its way.

Greece and Cyprus sacrificed a great deal during the Persian Gulf effort. There has been no additional aid as you understand going to Greece for these sacrifices and that is not really the issue.

What is the issue is a very strange idea that now that Greece has adopted policies that are so consistent with what the United States would like and Cyprus is doing the same, that there is a suggestion that this is the time that the United States should in effect injure Greece and Cyprus by breaking the 10-to-7 ratio, a 13-year-old American policy toward Greece and Cyprus.

As you know, in the 10 years that preceded the 7 to 10 ratio, Turkey moved militarily on Cyprus two different times. In the 13 years since the 10-to-7 ratio, there has been no aggression whatsoever.

You are probably also aware, Mr. Chairman, of the Cyprus settlement talks. President Bush and Secretary Baker are personally

engaged. There is very active movement, and there is real promise, more promise than we have had in many years of serious progress toward U.N.-sponsored settlement talks.

For the United States, at this point, to radically alter American policy toward Greece and Cyprus could very disastrously injure those talks. It is a very delicate situation over there and it could be a very serious problem.

The Congress this year has looked at this issue many times since the Persian Gulf effort. It has looked at the suggestion that the 10-to-7 ratio should be broken.

And let me list if I might, Mr. Chairman, the subcommittees and full committees and the various forums of the Congress that have thoroughly investigated this issue: The Europe and Middle East Subcommittee of the House; the full Foreign Affairs Committee of the House; the Foreign Operations Subcommittee of the House; the full Appropriations Subcommittee; the House floor; the Senate Subcommittee on International Economic Policy, Trade, Oceans, and the Environment; and the full Senate Foreign Relations Committee.

PREPARED STATEMENT

Each one of these committees and subcommittees, each one of these forums has concluded after their investigation, that to alter American policy toward Greece and Cyprus at this time would be a very serious mistake and each of these forums has voted to maintain the 10-to-7 ratio, maintain America's push to implement the U.N. resolutions regarding the occupation of Cyprus and the Greek-American organizations that we represent across the country and the people affiliated with them would urge the appropriations subcommittee to do likewise.

[The statement follows:]

STATEMENT OF ANDREW E. MANATOS

Mr. Chairman, members of the Greek-American community were very proud to see the nations of Greece and Cyprus again take their place next to the United States during an international conflict. I would like to submit for the record a recent report of the U.S. Military Sealift Command about those countries under whose flags were sailed ships which supported our country's Persian Gulf efforts. As you will note, second behind the United States on this list is the small nation of Cyprus. Greece also ranks just behind the United States when one includes Greek owned ships flying under a Bahamian or Panamanian flag.

I would also like to point to an advertisement which appeared in the Washington Post and which was taken out by the nation of Kuwait immediately after the war where it thanked those countries which contributed equipment and manpower to the Persian Gulf effort. Greece is one of the very few countries on that list. Greece and Cyprus suffered greatly as a result of American-led Persian Gulf efforts. The costs to those countries were extremely high.

Greek-Americans in every city and town across this country are not surprised by what Greece and Cyprus did for our country with regard to overflights, the use of Greek and Cypriot airspace, airports, and shipports. People all across this country remember that Greece and Cyprus have always been and will always be by our side in such international conflicts.

Let me pose a question with regard to the losses that Greece and Cyprus sustained in our Persian Gulf effort. How much additional foreign assistance has gone to those two countries? Well, Turkey, a country which did not appear in the Kuwaiti thank you list has received approximately $2 billion above the foreign aid that the United States routinely sends to that country as a result of their losses in the Persian Gulf effort. As you know, Turkey received an additional $82 million in military aid through President Bush's emergency request during the war, and a subsequent

$200 million was approved in the Supplemental Appropriations Bill. Greece and Cyprus, on the other hand, have received nothing additional.

In addition to Greece's Persian Gulf effort, right after this new government in Greece took office it immediately renewed our American bases on Greek soil, gave full diplomatic recognition to the country of Israel, and has cooperated fully on anti-terrorism efforts about which the United States has been concerned. As you know, Mr. Chairman, the United States had been pressing the previous government of Greece on all these matters for some time. How is the American government to reciprocate for Greece's sacrifice in the Persian Gulf and for these extraordinary cooperative domestic policies?

Mr. Chairman, there are some people who are suggesting that we reciprocate by injuring Greece and Cyprus. They propose that we change the 13 year-old American policy toward Greece that has meant a lot to Greece's protection and stability in the region. The policy is known as the 10-to-7 ratio which says, as you know Mr. Chairman, that for every 10 guns the United States gives to Turkey we will give 7 to Greece. This ratio maintains a military balance in that region which is crucial to the security of Greece and to American security interests in the Eastern Mediterranean. In the ten years prior to America's establishment of the 10-to-7 ratio, Turkey moved militarily on two different occasions against the nation of Cyprus. In the 13 years subsequent to the 10-to-7 ratio, Turkey has not moved militarily against either Cyprus or Greece. Another such military move in the next ten years could be disasterous for America. If I may remind the Committee, we weren't drawn into war with Iraq because it attacked us but because it attacked a vulnerable neighbor.

Furthermore Mr. Chairman, Americans, Greeks, Turks, and Cypriots, both Turkish Cypriots and Greek Cypriots, are meeting now and moving toward United Nations' Cyprus settlement talks. These talks carry more promise than anything we have seen for many, many years. All of these players are not moving toward this United Nations effort on a foundation of concrete. Instead, they are walking on tightropes and are delicately holding their balance. To drastically change American foreign policy toward our allies Greece and Cyprus at this time could bring this delicate opportunity for a settlement on Cyprus to certain failure. This settlement process has to be given every chance for success.

Mr. Chairman, for the first time since the 1950's, a United States President is traveling to Greece and then on to Turkey. President Bush is scheduled to be in Greece on July 17. He will raise our country's profile in the eyes of the citizens of Greece higher than it has been raised for decades. For our country to break the 13 year-old 10-to-7 ratio or remove its support for the implementation of over 50 U.N. resolutions opposing Turkey's illegal military occupation of the Republic of Cyprus at this time could cause a disaster in Greek public opinion and injure our relations with Greece for a long time.

Mr. Chairman, this unwise effort to break the 10-to-7 ratio and weaken our support for the implementation of U.N. resolutions regarding Cyprus was undertaken on Capitol Hill this year in a number of forums. It was explored in the Europe and Middle East Subcommittee of the House Foreign Affairs Committee. That subcommittee wisely decided to maintain America's policy toward Cyprus and Greece. It was explored in the full Foreign Affairs Committee of the House of Representatives. That committee decided to maintain American policy toward Cyprus and Greece. It was explored in the Foreign Operations Subcommittee of the House Appropriations Committee and in the full Appropriations Committee and on the House floor and in the Senate Subcommittee on International Economic Policy Trade, Oceans and Environment of the Senate Foreign Relations Committee and in the full Senate Foreign Relations Committee. Yet all of these forums wisely decided to maintain America's 10-to-7 ratio of military aid to Turkey and Greece and American support for the solution of Cyprus.

Mr. Chairman, Secretary Baker and President Bush have had some heart-to-heart talks with our friends in Turkey about the wisdom of withdrawing its troops from that illegal military occupation of the Republic of Cyprus. Congressional pressure has contributed to Turkey's willingness to undertake some efforts to improve its human rights violations and also to press the intransigent Turkish Cypriot leader Rauf Denktash in an attempt to settle the Cyprus problem. This is not the time to remove that pressure. A study undertaken at Princeton University this year showed that during the years of the congressional arms embargo against Turkey following its invasion of Cyprus and during the year when a serious threat of an arms embargo against Turkey became real again, an average of approximately 3,000 Turkish troops were withdrawn from their occupation of Cyprus. President Carter, under whom I served as an Assistant Secretary, received assurances that if the congressionally imposed embargo on Turkey were lifted, far more than 3,000 troops a year would be withdrawn. But, once the embargo was lifted, instead of an average

of 3,000 troops a year leaving Cyprus, none have left. All the other committees of Congress this year have made sure that they did not again repeat that mistake of removing the pressure they are able to exert.

The other committees of Congress have expressed to our great friends in the countries of Greece and Cyprus our reliance as an ally and as a nation true to the principles of the United Nations. On behalf of the Greek-Americans and Cypriot-Americans across the United States affiliated with organizations I represent and with many, many other Americans who follow matters related to Greece and Cyprus, I urge the Foreign Operations Subcommittee and the full Senate Appropriations Committee to maintain America's policy of the 10-to-7 ratio and its support for a solution to the Cyprus problem.

OIL PIPELINE

Senator LEAHY. You made reference to Turkey. You are not suggesting that Turkey did not ultimately make some very significant contributions, like cutting off the oil pipeline and other things, during the Persian Gulf war?

Mr. MANATOS. That is right, Mr. Chairman. I think significant steps were taken. I think the thing that I have found in an investigation of this is that while Turkey did take some steps, the perception of the steps they took was far greater.

For example, the ad that I referred to that Kuwait took out in the Washington Post thanking the list of countries, Turkey was not on that list. The reason I am sure is because they did not contribute manpower and equipment.

Senator LEAHY. Of course, that could also be the people taking the ads. We had to fight like mad to get both Saudi Arabia and Kuwait, even though the United States had saved both countries, to even acknowledge the fact that we were involved. Sometimes the people we saved over there can turn out to be the most ungrateful people it has ever been my misfortune to know.

I am not necessarily singling out Saudi Arabia and Kuwait, but they rewarded the heroic efforts of 550,000 Americans with an incredible lack of gratitude.

Grudgingly, Saudi Arabia finally acknowledged in an ad in American newspapers during the big parades that we actually had done something for them. In their own newspapers we did not see anything.

As for the 10-to-7 ratio, during the time of Papandreou, when we were getting a steady diet of anti-American rhetoric from the Greeks, many people argued here that now is not the time to cut the 10-to-7 ratio because better days were coming. I have a great deal of respect for the new government's more pro-American stance, but the rules are the same.

I mean, is there ever a time when the rules change? If we have a government that is opposed to the United States, we keep the ratio. Should the ratio always be there, good times or bad?

I am playing devil's advocate, trying to answer some of the questions I get asked by constituents.

Mr. MANATOS. I understand, and I think the answer to that question is that if there is another way of maintaining the stability and military balance in the region, other than the 10-to-7 ratio, at that point I think it should be discarded.

The people of Greece, as you know, have always been on the side of the United States, are a vulnerable neighbor and as long as that

is the case, the 10-to-7 ratio is essential, not only to Greek security, but to American security interests.

Senator LEAHY. When I have been to Greece, I have been impressed and pleased. I was there just a few weeks ago, and I was very pleased and very impressed with the friendliness. It was obvious from where I was traveling and the people I was with that I was an American, and I was pleased with the kind response and the reaction that I got. It was a very good one, as it was the first time I went there with my oldest son.

Thank you.

STATEMENT OF EUGENE T. ROSSIDES, ON BEHALF OF AMERICAN HELLENIC INSTITUTE PUBLIC AFFAIRS COMMITTEE, INC., THE ORDER OF AHEPA, AND THE CYPRUS FEDERATION OF AMERICA

Senator LEAHY. Mr. Rossides is next.

Mr. ROSSIDES. Thank you, Mr. Chairman and Senator D'Amato.

My full statement will be made a part of the record, Mr. Chairman.

I appreciate the opportunity to appear before you today on behalf of the American Hellenic Institute Public Affairs Committee, the Order of AHEPA, and the Cyprus Federation of America.

We oppose, as contrary to the national security interests of the United States, the administration's proposal of $703 million in military and economic aid for Turkey.

We support the administration's request for $350 million in military aid for Greece and urge that it be fully grant aid, as is Turkey's. We support the 7-to-10 ratio in military aid to Greece and Turkey, to preserve a military balance between them.

And Senator, this is the reason: Because of the tensions created by Turkey's 17-year illegal occupation and colonization of the northern part of Cyprus, that is why we need a 7 to 10 military ratio; and second, Turkey's threats against Greece's Aegean Islands.

We further request and we support the $15 million in humanitarian aid for Cyprus, and we further request the subcommittee to consider a $50 million ESF grant to Greece in recognition of the exceptional role that Greece played in Desert Shield/Desert Storm.

One, the double standard for Turkey must be eliminated in the interest of the United States. We call for conditions on all military and economic aid to Turkey and economic sanctions until Turkey is in compliance with the United Nation's Charter, United Nations resolutions on Cyprus; the North Atlantic Treaty; United States human rights laws.

Two, Desert Shield/Desert Storm demonstrated that Greece, not Turkey is the strategic key for the projection of United States power in the Eastern Mediterranean and Persian Gulf. The NATO naval base and the U.S. air base at Suda Bay, Crete, are the key to the projection of U.S. power in the Eastern Mediterranean and Persian Gulf through the U.S. Sixth Fleet and the U.S. Air Force.

Mr. Chairman, from August 2, 1990 on, Greece authorized full use, 24 hours a day of the naval and air bases at Suda Bay, while Turkey refused the use of bases on Turkish soil throughout the 5.5 months of Desert Shield, and only authorized the limited use of Incirlik NATO air base, 24 hours after Desert Storm had begun and after the Iraqi air force and air defenses had been neutralized

and the United States had achieved air superiority. We do not hear about that.

Greece authorized overflights, 32,000 military overflights occurred during Desert Shield/Desert Storm, and Greece joined the coalition forces and sent two naval frigates.

You mention about the pipeline, Mr. Chairman, they did not close the pipeline. Iraq closed the one pipeline and 75 percent of the second pipeline and as my statement points out, the remaining 25 percent was not closed on the first day. It was closed only after the U.N. Security Council acted and as President Ozal stated a few weeks ago, if they had not closed the remaining 25 percent, they would have been subjected to the blockade. So they had to act or else they would have had a blockade.

Three, Operation Desert Shield/Desert Storm demonstrated, Mr. Chairman, that Turkey is fundamentally irrelevant for protecting the oil resources in the Persian Gulf and I refer you to the article by David Morrison in the recent issue of the National Journal, March 23, 1991, in which he points out that what we need are U.S. bases in the Persian Gulf, air and land bases and a naval and air base in Crete.

There is no threat, Mr. Chairman, to Turkey that can justify the massive amount of military aid proposed for Turkey.

PREPARED STATEMENT

We are reducing our efforts. The other day NATO was reducing 50 percent of the U.S. forces in NATO and other countries are, but why no reduction for Turkey?

Mr. Chairman, business as usual should not pertain. The only way we will get Turkey to act is by conditions on aid and economic sanctions.

Thank you, Mr. Chairman and Senator D'Amato.

Senator LEAHY. Thank you.

[The statement follows:]

STATEMENT OF EUGENE T. ROSSIDES

Chairman Leahy and Members of the Subcommittee:

I appreciate the opportunity to appear before you today on behalf of the American Hellenic Institute Public Affairs Committee, Inc., the Order of AHEPA, and the Cyprus Federation of America.

We oppose as contrary to the national security and foreign policy interests of the United States the Administration's proposal of $703 million in military ($628 million) and economic ($75 million) aid for Turkey.

We support the Administration's request of $350 million in military aid for Greece and urge that it be fully grant aid, as is Turkey's. We support the 7:10 ratio in military aid to Greece and Turkey to preserve a military balance between them because of tensions created by Turkey's seventeen-year illegal occupation and colonization of the northern part of Cyprus and Turkey's threats against Greece's Aegean Islands. We urge the Subcommittee to consider a one to one ratio. We support the traditional amount of $15 million in humanitarian aid for Cyprus.

We further request the Subcommittee to consider a $50 million ESF grant to Greece in recognition of the exceptional role that Greece played in Desert Shield/Desert Storm which I discuss below.

I. THE RULE OF LAW, THE NEW WORLD ORDER AND CONDITIONS ON AID TO TURKEY AND ECONOMIC SANCTIONS ON TURKEY. THE DOUBLE STANDARD FOR TURKEY MUST BE ELIMINATED IN THE INTERESTS OF THE UNITED STATES AND IN THE INTERESTS OF ADVANCING THE NEW WORLD ORDER BASED ON THE RULE OF LAW.

We call for conditions on all military and economic aid to Turkey and economic sanctions until Turkey is in compliance with the United Nations Charter, United Nations resolutions on Cyprus, the North Atlantic Treaty, United States human rights laws and international law.

The Cyprus problem is one of invasion and occupation by Turkey of over one-third of the territory of Cyprus in violation of:

1. the United Nations Charter (Article 2(4) which states that "All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state.");
2. the North Atlantic Treaty (Article 1 which states that "the parties undertake...to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.");
3. United States laws (Section 505(d) of the Foreign Assistance Act of 1961, as amended, and Section 3(c) of the Foreign Military Sales Act, by the misuse of United States-supplied arms for its aggression in Cyprus; see Comptroller General's opinion letter of October 7, 1974; 120 Cong.Rec. 34,672 (1974) and the several congressional debates from September through December, 1974; Laurence Stern, The Wrong Horse 149 (1977));

4. the human rights sections 116 and 502B of the Foreign Assistance Act of 1961, as amended;

5. the European Convention on Human Rights;

6. the Geneva Convention of 1949 Section III, article 49; and

7. customary international law.

For a detailed analysis of these violations of law by Turkey see my recent article "Cyprus and the Rule of Law," (17 Syracuse J. of Intl. Law & Com., 21 (1991)).

These violations by Turkey continue to date.

United Nations Charter Article 2(4) is the same provision Iraq violated in its invasion and occupation of Kuwait. Article 2(4) is a peremptory legal norm binding on all members of the United Nations. The violation does not depend on the personal characteristics of the head of the government involved. As a matter of law, the cases of Iraq and Turkey are the same.

The facts in Iraq's aggression against Kuwait and Turkey's aggression against Cyprus are, in general, quite similar. The key factual difference is reliance of the United States and many other nations on oil from the Middle East. The parallel facts are that Turkey, a large nation, has invaded and occupied 37.3% of the territory of Cyprus, a small defenseless sovereign nation and member of the United Nations, the forcible eviction of 180,000 Greek Cypriots from their homes and properties, killings and rapes and looting on an extensive scale, the forcible detention of 1614 Greek Cypriots and the taking prisoner of five Americans (all unaccounted for), and colonization in violation of the Geneva Convention of 1949. The occupation and human rights violations have been going on for seventeen years. The violations by Turkey are as heinous, if not more so, than Iraq's.

The European Commission on Human Rights, in its Report dated July 10, 1976, found Turkey guilty of violating the following articles of the European Convention on Human Rights (1950) by its actions in Cyprus:

(a) Article 2--by killings of innocent civilians committed on a substantial scale;

(b) Article 3--by rapes of women of all ages from 12 to 71;

(c) Article 3--by inhumen treatment of prisoners and persons detained;

(d) Article 5--by deprivation of liberty with regard to detainees and missing persons--a continuing violation;

(e) Article 8--by displacement of persons, creating more than 170,000 Greek Cypriot refugees, and by refusing to allow the refugees to return to their homes--a continuing violation;

(f) Article 1 of the First Protocol to the Convention--by deprivation of possessions, looting and robbery on an extensive scale.

The London Sunday Times published excerpts of the report and stated: "It amounts to a massive indictment of the Ankara government for the murder, rape and looting by its army in Cyprus during and after the Turkish invasion of summer 1974." (London Sunday Times, Jan. 23,

1977). Violations of the European Convention on Human Rights also constitute violations of comparable articles of the United Nations Universal Declaration of Human Rights of 1948.

Turkey, by its actions in Cyprus, is in violation of the human rights sections 116 and 502B of the Foreign Assistance Act of 1961, which violations of internationally recognized human rights continue to date.

Turkey is in violation of Section III, Article 49 of the Geneva Convention of 1949 by its sending settlers from Turkey to the occupied area of Cyprus. (See 6 USTIA 3517, at 3548 (1955)). The number of settlers is estimated at 80,000. (See the Guardian, Oct. 13, 1975, at 1, col.5; Yeniduzen, Feb. 14, 1990, a Turkish Cypriot newspaper.)

Turkey also violated Article IV of the Treaty of Guarantee of the London-Zurich Agreements when she invaded Cyprus. That Treaty did not authorize the use of force. If the word "action" in Article IV is to be interpreted as authorizing force, then that article is void ab initio under article 103 of the UN Charter as contrary to the Charter. (See David Hunt, "Cyprus: A Study in International Relations" 11 (1980), the Montague Burton Lecture in t University of Edinburgh. Hunt was Britain's High Commissioner in Cyprus from 1965 to 1966.)

Cyprus is the Acid Test for the New World Order. Is the rule of law to be applied uniformly to friend and foe alike, or is there to be a continuation of the double standard for Turkey? Enforcing the United Nations resolutions on Cyprus against Turkey would demonstrate that the era of the double standard on the rule of law and aggression for an ally is over. It would add the important ingredient of credibility to our efforts in the Persian Gulf for a new world order. To be credible the rule of law must be applied to our friends and opponents alike. Enforcing the United Nations charter provisions and resolutions of Cyprus could also alleviate tensions between Greece and Turkey and provide the basis for cooperation between these two nations to the obvious benefit of both their peoples and to the people of Cyprus.

The historic action of the world community against Iraq's invasion and occupation of Kuwait is an extraordinary precedent. The potential for using this precedent in Cyprus is great. A unified world could force Turkey to relinquish her involvement in Cyprus and let the Cypriots come to a solution under their own terms. The precedent value for the rule of law in international affairs, building on the Iraq/Kuwait precedent, would be highly significant.

A new world order can only succeed if the rule of law is applied uniformly. As President Eisenhower stated in October 1956:

> There can be no peace without law. And there can be no law if we were to invoke one code of international conduct for those who oppose us--and another for our friends.

II. DESERT SHIELD/DESERT STORM DEMONSTRATED THAT GREECE, NOT TURKEY, IS THE STRATEGIC KEY TO THE PROJECTION OF UNITED STATES POWER IN THE EASTERN MEDITERRANEAN AND PERSIAN GULF.

Turkey's proponents argue that Turkey is more important than Greece for the military and strategic interests of the United States and therefore we should disregard the rule of law.

We disagree on both points. Whether or not Turkey is important militarily to the U.S. the rule of law applies and the U.S. should enforce the law in its own self-interest.

Secondly we state categorically that Greece is more important than Turkey to the national security interests of the United States, and that the events of Desert Shield/Desert Storm support our position.

From August 2, 1990, the day Iraq committed aggression by invading and occupying Kuwait, to the end of the Persian Gulf War and through the post-war period to the present day, Greece, not Turkey, was and is the strategic key to the projection of United States power in the Eastern Mediterranean and Persian Gulf.

The key base for the U.S. Sixth Fleet in the Eastern Mediterranean is the NATO naval base in Suda Bay, Crete. The Suda Bay harbor is one of the finest in the world. The NATO naval base at Suda Bay is the key to the projection of United States power in the Eastern Mediterranean and Persian Gulf through the U.S. Sixth Fleet.

Suda Bay, Crete, is also the site of the key United States air base in the Eastern Mediterranean for the projection of U.S. Air Force power in the Eastern Mediterranean. (The U.S. Air Force operations at Hellenikon near Athens were transferred to the Suda Bay base.)

While Turkey delayed support for the U.S. initiated freeze on commercial dealings with Iraq and negotiated for compensation, Greece gave full support to Desert Shield/Desert Storm. Greece:

(1) immediately condemned Iraq's aggression;

(2) authorized from the first day of the crisis the use of the Suda Bay naval base to provide operational, logistical and command support for the U.S. Sixth Fleet 24 hours a day;

(3) authorized the use of the U.S. air base at Suda Bay to provide similar support to the U.S. Air Force in the buildup of U.S. air power in Saudi Arabia and other Persian Gulf countries;

(4) authorized military overflights and base access generally (the extraordinary number of over thirty-two thousand (32,000) military overflights of Greece occurred during Desert Shield/Desert Storm);

(5) joined the coalition forces and sent two naval frigates to the Persian Gulf; and offered air combat patrols and medical facilities.

The NATO naval base and the U.S. air base at Suda Bay are each far more important to U.S. interests than all the bases in Turkey put together. The U.S. has several intelligence-gathering listening posts in Turkey aimed at the Soviet Union. They were of no value regarding Iraq. They are unnecessary regarding the USSR because of superior technology in intelligence-gathering satellites, the end of the Cold War and the demise of the Warsaw Pact. They should be closed.

Turkey sat on the sidelines throughout Desert Shield, refusing to send any forces to the U.S.-led Coalition, refusing to authorize a second land front from Turkey (See Wash. Post, Jan. 16, 1991, at A6, col.5), and refusing to allow the use of the NATO airbase at Incirlik, Turkey.

Desert Storm began on January 16, 1991. It was not until over 24 hours after the air war had begun on January 16, 1991, and only after the Iraqi air force and air defenses had been neutralized and the U.S. had achieved air superiority, that Turkey allowed a limited number of sorties out of the Incirlik NATO air base. Only one out of twenty coalition sorties originated in Turkey, and these were clearly unnecessary. The Turkish military opposed Turkish President Ozal's policy and Turkish public opinion also opposed Ozal's policy.

Secretary of Defense Dick Cheney has acknowledged the contributions of Greece and Cyprus. On January 30, 1991, Cheney, during the visit of Greece's Foreign Minister Antonios Samaras, expressed his appreciation for the "strong support" by Greece for the coalition efforts as demonstrated by "the presence of the Greek frigate, access to Greek ports and bases, and contingency hospital support." The following is the response of Secretary Cheney to a question from Senator Alan Dixon on February 21, 1991:

> Senator Dixon: Secretary Cheney, Greece and Cyprus have stood shoulder to shoulder with the United States from the beginning of the Persian Gulf Crisis. I understand that, even though they have suffered economically, they never asked for compensation. Is there anything further that the U.S. would like Greece and Cyprus to do?
>
> Answer: Both Greece and Cyprus, like many other Allied and friendly countries, were supportive of the UN resolutions and sanctions, and aided coalition forces in Operation Desert Storm by allowing overflight and base access. The Greeks offered medical support and combat air patrols. The presence of the Greek frigate in the Red Sea helped enforce the sanctions and was especially appreciated. We believe that both countries contributed significantly to the coalition effort.

The Greek merchant marine played a substantial role in the movement of cargo to the Persian Gulf for the U.S. and allied forces. The Greek merchant marine is an important asset for U.S. and NATO interests that is often overlooked in considering the relative strategic and military values of Greece and Turkey.

Regarding the two oil pipelines from Iraq through Turkey to the Mediterranean coast, Iraq, not Turkey, closed the first pipeline and reduced the flow of oil through the second by 75 per cent for lack of customers. Turkey refused to act to shut off the second pipeline until after the U.N. Security Council passed resolution 661 on August 6, 1990 (Wash. Post, Aug. 8, 1990, at A12, col.4). Other countries acted right away.

Further, we did not need Turkey to halt the remaining 25% of the second pipeline since the naval blockage would have prevented any movement of Iraqi oil from Turkey's Mediterranean port if there had been any customers. Turkey's President Ozal admitted this in a news conference on June 7, 1991 in Istanbul when he stated: "If Turkey had not imposed an embargo and shut the pipeline it would have led to a blockade." (Associated Press, June 7, 1991.)

Turkey had no choice but to close the remaining pipeline once the Security Council acted. Otherwise, she would have been in violation of Security Council Resolution 661 and Article 25 of the United Nations Charter, which requires member states to comply with Security Council resolutions. By failing to implement S.C. Res. 661, Turkey would have jeopardized her relations with the rest of the nations who supported S.C. Res. 661, including the U.S., and the

significant economic relations and aid from the U.S., other countries, and international organizations.

Turkey's proponents stress that Turkey closed its 206-mile border with Iraq. In reality, the border was never fully closed. There was large-scale, openly organized smuggling along the Turkey-Iraq border. (See Turkish daily newspapers, Sabah, Sept. 3, 1990, and Cumhuriyet, Sept. 22, 1990, and the weekly magazine, Yuzil, Sept. 9, 1990; see Wall Street Journal, Oct. 30, 1990, at 1, col.1.)

Turkey's proponents also assert that Turkish troops "tied down" 100,000 Iraqi forces. Again, the reality is otherwise. The Iraqi troops were stationed along the Syrian and Turkish borders in Northern Iraq before the invasion of Kuwait and Iraq had no plans to move them south. If they had been so moved, they would have suffered enormous casualties and would not have been able to fight the Iraqi Kurds who rebelled.

III. OPERATION DESERT SHIELD/DESERT STORM DEMONSTRATED THAT TURKEY IS FUNDAMENTALLY IRRELEVANT FOR PROTECTING THE OIL RESOURCES IN THE PERSIAN GULF AND OF LITTLE VALUE FOR U.S. NATIONAL SECURITY INTERESTS IN THE PRESENT POST-COLD WAR, POST-PERSIAN GULF ERA.

The war proved that what is necessary for the protection of oil resources in the Persian Gulf is:

(1) the cooperation of the Gulf states with the U.S. by authorizing U.S. air and land bases in those countries, not in Turkey;

(2) the use of the NATO naval and U.S. air bases at Suda Bay, Crete;

(3) the use of the British bases in Cyprus; and

(4) the use of the U.S. naval base and facilities in Diego Garcia in the Indian Ocean.

David C. Morrison, in a comprehensive article, discusses in detail the U.S. base facilities in the Persian Gulf countries. (See National Journal, March 23, 1991, at 675.)

IV. THERE IS NO THREAT TO TURKEY THAT CAN JUSTIFY THE MASSIVE AMOUNT OF MILITARY AID PROPOSED FOR TURKEY.

What is the threat to Turkey that requires massive U.S. military aid? It makes no sense for the U.S. to continue to send huge amounts of military aid to Turkey with the end of the Cold War, the demise of the Warsaw Pact, the reduction of forces in the United States, NATO and the U.S.S.R., and our huge budget deficit. NATO recently reached agreement on a major "reorganization of its forces in Europe that would mean at least a 50 percent cut in the overall American troop level and a smaller reduction for the 42-year-old alliance as a whole." (N.Y. Times May 29, 1991, at A1, col.5.) Arms aid to Turkey should be drastically cut.

Chairman Lee Hamilton said in the House hearings that in the past year Turkey received over a billion dollars in U.S. aid, not including excess defense articles sent to Turkey. Desert Storm equipment and weapons left in Turkey amount to another billion dollars.

V. THE UNITED STATES, NATO AND THE USSR ARE REDUCING THEIR MILITARY FORCES AND THE U.S. IS EMBARKED ON A WORLDWIDE EFFORT TO REDUCE THE FLOW OF ARMS YET THE ADMINISTRATION PROPOSES NO REDUCTION FOR TURKEY AND CONTINUES ITS EFFORTS TO REMOVE THE 7 TO 10 RATIO IN MILITARY AID TO GREECE AND TURKEY.

The arguments in the previous section on lack of threat to Turkey apply equally to the issue of reducing the flow of arms to Turkey as part of overall U.S. policy on world-wide arms reduction.

VI. UNITED STATES MILITARY AND ECONOMIC AID TO TURKEY SUBSIDIZES THE COST OF TURKEY'S ILLEGAL OCCUPATION OF CYPRUS, TURKEY'S ARMY OF THE AEGEAN, AND THE SUPPRESSING OF TURKEY'S KURDS.

Since money is fungible, the amount in the appropriations bill of $703,000,000 in grant military and economic aid for Turkey subsidizes (1) Turkey's occupation of the northern part of Cyprus, (2) Turkey's 125,000 Army of Aegean aimed at Greece, and (3) part of the costs of the Turkish military which is used to suppress Turkey's 12 million Kurdish minority.

VII. CYPRUS, THROUGH THE USE OF THE BRITISH BASES IN THE BRITISH SOVEREIGN BASE AREAS IN CYPRUS, THE GRANTING OF OVERFLIGHT RIGHTS, BASE ACCESS AND TRANSIT ASSISTANCE, WAS MORE IMPORTANT TO THE SUCCESS OF DESERT SHIELD/DESERT STORM THAN TURKEY.

Cyprus provided substantial support for Desert Shield/Desert Storm. Cyprus gave immediate and strong support for the U.S. condemnation of Iraqi aggression and gave full and strong support for all of the United Nations resolutions on Iraq.

Cyprus authorized military overflight, transit assistance and base access. United States and allied planes used Cyprus airports for flights related to the war effort.

The British bases in the British Sovereign Base Areas provided operational, logistical, communications and command support for British and allied forces from August 2, 1990 on a 24-hour-a-day basis, and were and are more useful than all of the bases in Turkey.

Cyprus played an important role at a meeting of the foreign ministers of non-aligned nations in Belgrade, Yugoslavia on February 12, 1991, in blocking a resolution that criticized the manner in which the United States was conducting the Desert Storm war.

The Cyprus merchant marine played a substantial role in the movement of cargo to the Persian Gulf for the coalition forces.

VIII. THE ADMINISTRATION'S PROPOSAL OF MASSIVE AID TO TURKEY, THE THIRD LARGEST RECIPIENT AFTER ISRAEL AND EGYPT, IS NOT JUSTIFIABLE IN THE FACE OF OUR HUGE BUDGET DEFICIT.

Each dollar we give to Turkey adds to our huge budget deficit and takes dollars away from urgently needed domestic concerns. The Administration's proposal cannot be justified on national security or on any other grounds. Aid sent to Turkey is an unconscionable waste of U.S. taxpayer dollars.

IX. BUSINESS AS USUAL WILL NOT WORK.

The United States has an interest in removing the problems between Greece and Turkey--namely, Turkey's continuing occupation of almost 40% of Cyprus and Turkey's threats regarding

Greece's Aegean Islands. The business as usual approach of the United States Special Coordinator on Cyprus has not worked because of Turkish intransigence.

President Bush has stated that aggression will not pay yet Turkey has received billions of dollars in U.S. aid since its aggression against Cyprus in 1974. We use conditions with other's but not with Turkey. The New York Times in 1974 characterized Secretary of State Henry Kissinger's policy as "illegal appeasement of Turkish aggression." (N.Y. Times, Sept. 14, 1974, at 28, col. 1.). For 17 years the United States has appeased Turkey on the issue of Cyprus. It is past time to act. Conditions on our aid to Turkey and economic sanctions are needed in support of the rule law and the new world order and to achieve the goal President Bush stated as a candidate on July 7, 1988: "We seek for Cyprus a constitutional democracy based on majority rule, the rule of law, and the protection of majority rights."

For all the above reasons we urge the Subcommittee, in the interests of the U.S. to apply to Turkey the same principles and standards we applied to Iraq based on the rule of law and the UN Charter. We call for conditions on all U.S. aid to Turkey and economic sanctions similar to those imposed on South Africa, until Turkish troops and colonists are removed from Cyprus, and Turkey is in compliance with the UN Charter, UN Security Council Resolutions on Cyprus, the North Atlantic Treaty, and United States laws.

The United States bears a heavy responsibility to redress the situation in Cyprus and it is in our interest to do so.

STATEMENT OF JOSEPH D. YOUSSOUF, ESQ., ON BEHALF OF THE TURKISH CYPRIOT CULTURAL AND EDUCATIONAL ASSOCIATION OF THE UNITED STATES OF AMERICA, INC.

Senator LEAHY. Mr. Youssouf.

Mr. YOUSSOUF. Thank you, Mr. Chairman.

There is a very clear perception that a key element in American foreign policy assertions regarding the 7-to-10 ratio or military and economic assistance to Turkey is the situation on Cyprus.

And I am here today in fact to speak on behalf of the Turkish Cypriot Cultural and Educational Association of the United States.

A development occurred in March of this year which I think is extraordinarily important in relating to the Cyprus problem. In a statement issued on March 27, 1991, by the Secretary General of the United Nations regarding his mission of good offices in Cyprus, the Secretary General stated the following, and I quote: Cyprus is the common home of the Greek Cypriot and Turkish Cypriot communities whose relationship is not one of majority and minority, but one of two communities in Cyprus.

Now this statement is a recognition of a fact that our organization has urged upon the Congress since we began presenting testimony regarding the Cyprus conflict to the Congress.

It is a recognition of a basic fact that peace can only be made among equals and that accepting a one-sided view of a complicated problem is unfair and contrary to historic realities, and that ties directly into what the speakers who preceded me at the podium today said.

Dealing with the question of Turkey's moves against Cyprus, the speakers would have you believe that before the 7-to-10 ratio was established Turkey had an unbridled right to move against Cyprus and did, in fact, do so on two separate occasions.

And they would have you believe that the maintenance of the 7-to-10 ratio is essential to prevent Turkey from expanding on the island of Cyprus. What that simplistic analysis ignores is the basic fact that on the two occasions when Turkey, one, threatened to move against Cyprus; and two, actually moved against Cyprus in 1974, they did so pursuant to a valid subsisting international treaty of guarantee that was in existence.

They do so after consultation with Great Britain, one of the guarantor powers and with the United States, and they did so in 1974 when it was clear that the Turkish Cypriot community on the island of Cyprus was in imminent danger of annihilation by an armed and hostile terrorist organization, one of the first in the Mediterranean basin to receive international notoriety, that was called Yoka.

Now the 7-to-10 ratio was imposed in the absence of a balanced and careful analysis of the realities of Cypriot history, and absent that balanced and careful analysis of the realities of Cypriot history the conclusion that was preached was that this was an act of armed aggression.

And my Greek Cypriot friends are very fond of analogizing Turkey's intervention in Cyprus to Iraq's intervention in Kuwait. Nothing could be further from the truth, Mr. Chairman.

The fact is that the Turkish Cypriot community exists today only because of Turkish armed intervention. The fact is that since Turkish armed intervention in Cyprus, there has been no intercommunal bloodshed. There has been no recurrence of the terrible wars and events that preceded 1974, and that is an important fact.

Now as the United Nations grapples with the Cyprus problem, I think the fundamental fact that emerges is that there is no intransigence on the side of the Turkish Cypriots or on Turkey.

They are looking for a bicommunal, bizoned, federated republic, predicated upon power sharing between the two communities as mentioned here.

What we do not see as we look at this problem today is an acknowledgment of basic fundamental jurisdictional and political equality by the Greek Cypriots. They do not treat the Turkish Cypriots as an equal. They have never viewed them in that way and that is, in fact, a fundamental problem in the peace process at this point in time.

Now it is my organization's and my sincerest hope that we will be able to formulate in the context of the President's self-proclaimed new world order, a solution to the Cyprus problem. But that solution must take into account the fundamental historical realities that I have been talking about and must be predicated upon a concept of power sharing, of respect by one community for another community. When and only when that occurs will we see a peaceful settlement of the Cyprus problem that is fair.

PREPARED STATEMENT

Finally, Mr. Chairman, our organization supports the administration's suggestions of aid to Turkey. It is time to abandon the 7-to-10 ratio because, one, it was never justified; two, it has not ensured peace between Turkey and Greece; and three, it is irrelevant to American foreign policy interests at this point in time.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF JOSEPH D. YOUSSOUF

Mr. Chairman and members of the subcommittee, I sincerely appreciate this opportunity to appear before the Committee on behalf of the Turkish Cypriot Cultural and Educational Association of the United States of America. Our association supports the administration's recommendations regarding military and economic aid to Turkey and the continuation of humanitarian aid to Cyprus.

Once again this year, as in years past, the Congress is urged by Greek and Greek lobbyists to use American economic and military aid as a tool to pressure Turkey into withdrawing its troops from Cyprus. They claim that if America does as they suggest, it will send a strong message to the world that the "New World Order" is a reality and that the rule of law has been restored to international relations.

It is clear that proponents of reductions in aid to Turkey believe that it in our national interest to pressure Turkey into reducing its presence on Cyprus and to compel Turkish Cypriots to accede to Greek Cypriot demands. In fact, the Greek Cypriot lobby continues to demand that the United States Government accept the government of Greek Cyprus as the legitimate government of The Republic of Cyprus, ignoring the fact that the 1960 constitution mandated Turkish Cypriot participation in the legitimate government of Cyprus. In view of the fact that the Turkish Cypriots have been systematically excluded from that government and, since 1974, have lived separate and apart from the Greek Cypriots, how can the Greek Cypriot community claim to be the only legitimate government of Cyprus?

A development occurred in March of this year which is important to the Turkish Cypriot community and to the future of Cyprus as a whole. In a statement issued on March 27, 1991, by the Secretary General of the United Nations regarding his mission of good offices in Cyprus the Secretary General stated: . . . Cyprus is the common home of the Greek Cypriot and Turkish Cypriot communities whose relationship is not one of majority and minority but one of two communities in Cyprus.

This statement is a recognition of a fact that our organization has urged upon the Congress since we began presenting testimony regarding the Cyprus conflict to the Congress. It is a recognition of the fact that peace can only be made among equals and that accepting a one-sided view of a complicated problem is unfair and contrary to historical realities.

The noted historian, William Appleman Williams, in his book entitled America Confronts A Revolutionary World: 1776–1976 noted: "The act of imposing one peoples morality upon another people is an imperial denial of self-determination . . ."

To use American aid as a tool to pressure Turkey into withdrawing its troops from Northern Cyprus as a pre-condition to meaningful negotiations and to compel the Turkish Cypriots to abandon their state, is precisely the kind of wrong-headed denial of self-determination that Professor Williams warned against.

It is respectfully submitted that what is at stake on Cyprus is the fundamental right of a people to self-determination. What has been ignored and overlooked in this continuing debate is the fact that Turkey is in Cyprus at the invitation and request of the Turkish Cypriot people. Turkey's 1974 military intervention in Cyprus was carried out pursuant to valid subsisting international treaties for the purpose of preserving the existence of and insuring the security of the Turkish Cypriot community. Turkey's military presence on the island of Cyprus has brought something to that troubled isle which has been a rare historical commodity, peace and nonviolence. It is beyond dispute that since Turkey intervened in Cyprus, there have been no armed conflicts between the two communities of Cyprus. Yet advocates of a so-called negotiated settlement insist upon a unilateral withdrawal of the very troops that brought peace to Cyprus.

The Turkish Cypriots voluntarily created their own government and adopted a democratic constitution. President Rauf Denktash was elected to office by the vast majority of the Turkish Cypriot voting population and he speaks as the duly elected representative of his people. The Turkish Republic of Northern Cyprus represents

the culmination and embodiment of the democratic aspirations of a people who had long endured racial, ethnic and religious discrimination at the hands of the Greek dominated central government of the Republic of Cyprus. Given these facts, why is it in our nation's interests to ignore the legitimate aspirations of the Turkish Cypriots and adopt the Greek Cypriot version of Cypriot history?

As Americans, we cherish the words of our Declaration of Independence which embodies the principle of self-determination. Our nations dedication to the principle of self-determination is witnessed by that principles inclusion in the United Nations charter. In fact, Article I, paragraph 2 of that document clearly states that the purposes of the United Nations are to ". . . develop friendly relations among nations based on the respect for the principle of equal rights and self-determination of peoples . . ." Time and again the United Nations have adopted declarations and resolutions which reiterate basic support for the principle of self-determination.

In the "Declaration on the granting of Independence to Colonial Countries and Peoples" adopted December 14, 1960, the United Nations declared: "All peoples have the right to self-determination; by virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development."

The importance of self-determination was reiterated in the International Covenant on Economic, Social and Cultural Rights which was adopted by the United Nations general assembly on December 19, 1966.

In Eastern Europe and in the Soviet Union we are witnessing a rebirth of democracy and freedom. In fact, the Congress is actively advocating the right of self-determination for various oppressed peoples throughout the world. Yet, when it comes to Cyprus the Congress has consistently chosen to close its eyes to the realities of Cypriot history and blindly accept the one-sided and unfair interpretation of that history advanced by Greek Cypriots.

As the Congress considers foreign assistance to Turkey, I ask that it disavow the position advocated by the representatives of AHEPA that foreign assistance should be used to force a settlement of the Cyprus dispute along the lines advocated by Greece and Greek Cypriots. To adopt that position would be unjust and would betray the great tradition of our nation's support for the right of self-determination of all peoples. I ask the Congress to refrain from ill-considered and precipitous action against Turkey as it deals with the important issues of foreign assistance.

PEACEFUL RESOLUTION

Senator LEAHY. Thank you.

Senator D'Amato.

Senator D'AMATO. Mr. Chairman, I am not going to become involved in a long debate, and I am not going to attempt to play Solomon in this situation. It has existed for longer than I have been in the Senate.

But I am going to say that I do not believe that the introduction of more weapons and weapons systems into the area is going to help bring about a peaceful resolution.

Indeed, I do not believe that we should be rewarding, so to speak, allies who played an important role in our struggle against Saddam Hussein. Given the dimensions and the enormity of his crime, and the instability that he posed in the region, their support should have been given. It is for that reason, without going into the history of Cyprus which is a troubled one, that this Senator feels very strongly that it would be sending the wrong signal to provide military assistance to Turkey.

It will be sending a signal that says, status quo is something that we are now giving approval to. Status quo is something that we should not give approval to. I believe that counsel's very eloquent statement has underpinnings and undertones of recognition of that.

Now, counsel, I am not going to put words in your mouth and suggest that you have gone beyond that, but obviously in your

statement implicit is a desire to seek a methodology and a way to resolve the issues that are still outstanding.

And for that very same reason I strongly believe that to break the 7-to-10 ratio at this time would do violence to the concept of seeking a resolution of this matter.

It would be interpreted, I believe, as enshrining the status quo. That is something I certainly would oppose because I believe it would be counterproductive to both communities, so I just share that with you and share that with the chairman and share that with all who are present.

Senator LEAHY. I suspect that the members of the Appropriations Committee and this subcommittee will discuss whether the 7-to-10 ratio will be included in legislation.

I suspect that whether it is there or not is not going to decide the question of Cyprus.

If we affirm the 7-to-10 ratio, but there are no strong movements on the part of Turkey, on the part of Greece, and on the part of the United States, so that the President can bring the parties together, the question will not be settled.

We can leave in the 7-to-10 ratio or we can take it out. I do not think it is going to make one iota of difference either way, as far as Cyprus is concerned.

I think what can make the difference is if Greece and Turkey work together with the United States acting as an honest broker. We cannot tell Greece what they can do and we cannot tell Turkey what to do, but if we use our good offices as an honest broker, then maybe something can be done.

Do you see any possibility, in my lifetime, or at least in the remainder of my term, only 1.5 years, that some real movement will be made both by the Turkish Government and the Greek Government? Maybe it is not fair to talk about the Greek Government; the two representatives of that point of view have spoken.

But what do you think, from the perspective of the Turkish Government?

Mr. YOUSSOUF. Senator, I see that there is a very real window of opportunity.

Senator LEAHY. I raised the same point with President Ozal, incidentally.

Mr. YOUSSOUF. I believe there is a very real window of opportunity here for substantial progress in dealing with the Cyprus problem.

Turkey has many interests that are adversely affected by the wrong perception of its actions on Cyprus. President Denktash of the Turkish Republic of Northern Cyprus is meeting, in fact, now with President Ozal.

There will be further meetings in New York, I understand, with the idea of coming to a solution. The fundamentals of an agreement, I think, are at hand in several important respects.

No. 1 is the concept that the 1960 constitution of the Republic of Cyprus has been effectively dead since 1963. So what we need is a new constitution, a new government. We see that when the U.N. Secretary General speaks in terms of the two communities of Cyprus, the recognition of that fact of political history is an important step in the right direction, as President Denktash of the Turk-

ish Republic of Northern Cyprus has been urging for a number of years.

So for the first time in this protracted dialog, I see an opportunity for meaningful movement. There seems to be an ability to make certain concessions. When both parties were just sitting with their arms folded and looking at each other, very little was going to happen.

But as the Senators are well aware, because of the new change of balance of power in the Middle East, Turkey's role in the future of the Middle East is extremely important and one of the impediments, I think, as Senator D'Amato correctly points out, to a future Turkish relationship with the United States is the Cyprus problem.

So all of the pressure is there at the right time, but I would point out respectfully that in my opinion, it has to be equally applied. Intransigence on the part of the Greek Cypriot Government is no more acceptable than intransigency would be on the part of the Turkish Cypriot Government.

And I see a real opportunity now for some meaningful negotiation and progress, and it is my fervent hope that that will come about and we may get some documents by the end of the summer, if we are lucky.

Senator LEAHY. Thank you.

Mr. ROSSIDES. May I answer that, Mr. Chairman, for a moment, 30 seconds?

Senator LEAHY. Go ahead.

Mr. ROSSIDES. The intransigence is Mr. Denktash. The intransigence is Turkey. They have not responded to negotiating proposals now for about 6 years, and unless you put conditions on and economic sanctions, nothing will happen.

Let them offer to the Kurds of Turkey what they are trying to get for the Turkish Cypriots, an 18 percent minority to have majority rule.

Thank you, Mr. Chairman.

Senator LEAHY. Thank you.

STATEMENT OF ALI FERDA SEVIN, PRESIDENT, ASSEMBLY OF TURKISH AMERICAN ASSOCIATIONS

Senator LEAHY. Mr. Sevin.

Mr. SEVIN. Thank you, Mr. Chairman, Senator D'Amato, I am the president of the Assembly of Turkish American Associations. We are an umbrella organization representing 50 Turkish-American associations across the Nation, and we support the administration's proposed $700 million aid to Turkey.

The gulf crisis has cost Turkey dearly, $7 billion, and the costs are mounting, as long as the sanctions will remain. Only 20 percent of that loss has so far been paid to Turkey by the coalition partners.

The gulf crisis has shown that Turkey is an asset for us in that volatile region. Turkey borders Greece, Bulgaria, Soviet Union, Iraq, Iran, and Syria. Certainly, that is not a very neighborly place to be, but Turkey is working very hard to create some economic incentives among its neighbors to have interdependency economically to mitigate against aggression.

In that view, they have proposed, for example, the peace pipeline that would convey water to the much needed areas to the south. They have come up with a Black Sea Economic Cooperation Project which would tie together Romania, Yugoslavia, Bulgaria, the Soviet Union, and the Central Asiatic Republics of the Soviet Union in economic interdependency, through commerce and in pursuit of friendship rather than aggression.

Mr. Chairman, investment in Turkey in the past has been very useful for us in the United States. It goes all the way back to the Truman Doctrine and the Marshall Plan, the Korean conflict, and now the gulf crisis.

The defense and modernization needs of Turkey as estimated by NATO and the executive branch for years has been $1.2 billion. Well, Congress has consistently cut that less than one-half over the years, because of a 7-to-10 ratio.

That ratio never made any sense. If you have to have a ratio it has to be based on something. If you base it on the relative sizes of the two countries, then the ratio would be 7-to-40. If you base it on population, it will be 7-to-40 again.

If you base it on military needs it will be 7-to-28. So it never made any sense and it should be done away with. The proponents of the 7-to-10 ratio, as you have heard, use the Cyprus issue as an excuse.

They impute motives of aggression on the part of Turkey in the intervention in Cyprus and they say whenever Turkey needs aid, therefore, Greece needs aid also.

Our Greek Cypriot friends forget that if it had not been the Turkish intervention back in 1974, Cyprus would have lost its independence to the junta that was then ruling Greece.

Turkey intervened reluctantly, as a last resort, after consulting with the partners, and Turkey does not want to be there. But Turkey cannot leave the Turkish Cypriots to the mercy of the ethnic Greeks, given their history of oppression of the Turkish population of the island.

So I would say that we in the United States must look at our own interests in the area, we must evaluate Turkey on her own merits, and not make judgments based on a third party agenda.

PREPARED STATEMENT

In conclusion, Mr. Chairman, in light of the severe economic impact of the gulf crisis on the Turkish economy, we would suggest that the Congress see fit to approve the administration's proposal in this area.

Thank you very much.

Senator LEAHY. Thank you.

[The statement follows:]

STATEMENT OF ALI FERDA SEVIN

Mr. Chairman and members of the subcommittee:

I appreciate the opportunity to appear before you today on behalf of the Assembly of Turkish American Associations, Inc., the national representatives of the Turkish Americans and friends of Turkey. We support the Administration's recommendation of $700 million in military and economic aid for the Republic of Turkey.

A Staunch U.S. Ally For 40 Years

Mr. Chairman, for 40 years now, the Republic of Turkey has been a staunch ally on our side. The Turks have proven this over and over again. Turkey's unflinching support of the U.S. in the Gulf crisis is only the latest concrete evidence of her close ties to the United States.

Turkey's economic losses because of the war have amounted to $7 billion and continue to increase. However, I must note that to date, contributions of aid by the allies and coalition partners have amounted to less than 20 percent of Turkey's economic losses. The military cost to Turkey alone, estimated at $800 million resulted from massive Turkish ground and air deployments along the Iraqi border, and increased training and exercises. Turkey was the first country in the region to implement the U.N. embargo. It is hard not to recognize and reward Turkey's willingness to endure economic hardship in the defense of international principles.

The Gulf crisis has confirmed Turkey's importance as an invaluable and stable ally in a most volatile region of the world. After the recent changes which took place in Eastern Europe, there were some people who were claiming that the importance of Turkey had diminished. Within one year, developments in the Middle East proved this shortsighted assumption to be wrong.

Today, Turkey, our ally of forty years, is prepared to play a major role in the Middle East. President Ozal of Turkey has stated that he is willing to enter a strategic relationship with the United States.

Turkey has also proposed numerous economic cooperation and development programs in the region, such as the "Peace Pipeline" which would carry much-needed water to her southern neighbors.

Also, Turkey proposed the Black Sea Economic Cooperation Project to promote trade and investment among participating countries: Turkey, Romania, Bulgaria, Yugoslavia, the Soviet Union, and the Republics in Soviet Central Asia.

Turkey is the only nation in the region which is actively and vigorously seeking and promoting economic interdependency policies with her immediate neighbors and beyond, for lasting peace, mutual trust and friendship.

U.S. Interests and Aid to Turkey

Mr. Chairman, I would like to state that Turkish defense modernization, in which the U.S. has important interests, remains underfunded. NATO and the U.S. government have long concluded that at least $1.2 billion in annual security assistance to Turkey is essential to any coherent defense modernization program. Despite this, annual U.S support for

Turkey has consistently been far less than $1.2 billion. Over the past five years less than half of this sum has been appropriated annually by Congress.

Just last month, the Turkish Government agreed in principle to store U.S. conventional weapons on Turkish territory, a move that would aid U.S. preparedness during a future crisis in the region.

I belive Turkey, with a strong military and stable economy, will be able to play an increasingly important role in maintaining peace and security in the region as the U.S. expects. However, the Gulf crisis has shown that Turkey's forces have many shortcomings, particularly in the area of air defense.

It is in our best interest to help Turkey improve its military capabilities so that she can deter threats, defend herself and contribute to the stability of the region.

The U.S. foreign aid program's purpose is to safeguard American interests throughout the world. I must say that aid to Turkey has proven to be an efficient form of defense spending.

Our Ally, Turkey, and Her Ever-Changing Environment

I would like to present an overview of the region where Turkey, a multi-party democracy, is positioned.

On her southeast, although the Persian Gulf War is over, it will take years before peace and security in the region are achieved. Instability in the Middle East will continue to pose a threat to Turkey and the Western alliance.

Saddam Hussein remains in Iraq with a considerable amount of his military machine intact. Ethnic and civil unrest in Iraq add to the uncertainty of the region, as demonstrated by the massive displacement of Iraqi citizens to Turkey and Iran. Iraq is a non-democratic country.

Syria, another non-democratic country, continues to sponsor, train and harbor terrorists who operate in the Middle East and around the world.

On the east, Iran, yet another non-democratic society, remains committed to exporting its Islamic fundamentalism to other countries, including Turkey.

On her north, although the Cold War is over, the Soviet Union, also a non-democratic country, remains a formidable military power. Also, the future of Transcaucuses, as well as of many Soviet Republics, is in great uncertainty.

On her south, Cyprus has been a thorny issue between Greek-Cypriots and Turkish-Cypriots as well as Greece and Turkey. Injustice towards Turkish-Cypriots has been continuing since 1963. Differences of opinion on every issue between the parties have been wide, deep rooted, and very emotional. However, the latest developments indicate that some progress has been taking place.

On Turkey's west, Greece, a democratic country only since June 1, 1973, has been and is Turkey's NATO partner. In the entire 80s we have observed and experienced a high degree of anti-American sentiment and policies from her people as well as her governments. She is one of the four countries in Europe identified for its high volume of terrorist activities against the U.S. interests, among others. She has been a consistent human rights violator against her ethnic Turkish, Macedonian,

Pomak and Gypsy minorities. At best, Greece has been an ally of convenience.

Bulgaria is the second country on Turkey's West. She has been one of the darkest client countries of the USSR during the Cold War era. However, considerable changes and improvements have taken place within past months.

Mr. Chairman, there is talk of a new world order based on democracy, peace, and the rule of law. But the region in the heart of which Turkey is situated, as well as Turkey's neighbors, seem not to have heard about this new world order. Thanks to our ally of 40 years, Turkey, which is a democratic country, we have hopes for our ideals to survive and spread in that region.

We Must Evaluate Turkey On Her Own Merits

Mr. Chairman, when a Congressional process starts on aid to Turkey, we see an irrational formula of 7:10 ratio applied to the Congressional figures by way of tying aid to Turkey and Greece together.

Just like the Carter and Reagan administrations that preceded it, the Bush administration also has presented arguments against this formula.

I believe Turkey should be evaluated on her own merits. I can see why the Turks feel that 7:10 formula is an insult to them, because there is no rational explanation for it. This ratio bears no relationship whatsoever to country size, defense burden and contribution, population, or armed forces of Greece and Turkey. The corresponding ratio for country size is 7:40, the population 7:40, and the size of active duty Armed Forces 7:28.

Thus, it is a fact that Greece is getting approximately four times more U.S. aid than it should be getting, if a quantitative comparison between the two countries is to be taken as a base for an aid formula. Let us here also note that Turkey and Greece are the only two nations in the world which are singled out by the U.S. Congress for such a linkage. This exclusive formula benefits neither the United States nor Turkey, but only Greece's political agenda.

I must point out that this irrational formula has so far created massive amounts of unused Greek credits amounting to $1 billion while the Turkish defense modernization, in which the U.S. has important interests, remains underfunded.

There is no sensible military or diplomatic rationale for insulting our Turkish allies and otherwise harming our interests by reinstating the 7:10 ratio in 1992 while it was effectively broken during 1991.

Cyprus As a Pretext For Greek Intransigence

Congressional proponents of the 7:10 ratio have been defending their position based on the Cyprus issue. They are demanding some kind of settlement from Turkey in Cyprus.

Mr. Chairman, we believe Turkey has proven that she is committed to a just and lasting solution to the Cyprus problem through direct negotiations between the Turkish Cypriot and Greek Cypriot people.

We have been observing that the Turkish Government has been actively working with the representatives of the U.N. Secretary

General and the Turkish Cypriots for the last six months in order to move the process forward.

On March 27, 1991 the U.N. Secretary General singularly praised Turkey for her support "to help advance the search of an overall agreement."

Just last May, the Turkish Cypriot side submitted their proposals with respect to an eight point outline, demonstrating their willingness to work towards a lasting solution.

Based on numerous statements and actions, we have observed that the Turkish Cypriot side remains committed to the establishment of a bi-communal, bi-zonal federation in Cyprus based on the political equality of the two peoples. It has endorsed the U.N. Security Council Resolution 649.

The past history of Cyprus clearly shows the fact that Turkey has intervened in Cyprus in accordance with its treaty rights and obligations as one of the three guarantors of Cyprus' independence, to prevent the annexation of Cyprus by Greece and to save the Turkish Cypriot people from annihilation. However, Greeks and Greek Cypriots often prefer to use this issue to attack Turkey rather than try to solve the problem.

Greek Cypriots seem to forget that Cyprus would have lost its independence to the Greek military junta then ruling Greece if Turkey had not intervened in 1974. In a similar vein, Greeks also forget that the Turkish intervention in Cyprus resulted in the downfall of the ~~Generals~~ colonels in Greece.

The Turkish Cypriots' ordeal and suffering started in 1963 when Greek Cypriots decidedly violated the Constitution of the Republic of Cyprus and attacked Turkish Cypriots. In their own country, Turkish Cypriots have been treated as second class citizens and have been subjected to a policy of harassment and extermination for decades by the same Greek-Cypriots whose governments we approved and recognized as legitimate.

In all fairness, Mr. Chairman, there has not been a single Turkish Cypriot nor a Greek Cypriot who has lost his life in intercommunal violence on the island since 1974, thanks to the intervention of Turkey. It is our belief that the Turkish troops would be withdrawn as soon as an agreement between the two peoples is reached and the safety of Turkish Cypriots can be guaranteed and simply not left to the mercy of ethnic Greeks as in the past.

America's Interests

Mr. Chairman, the importance of Turkey for our interests is an undeniable fact, just like Turkey's proven friendship of 40 years. In this respect we must evaluate the Republic of Turkey just by herself, on her own record and merits. Turkey borders six countries, five of which are very unstable, three of which are located in the oil rich region of the world. Equally important, most of them are anti-American, anti-West and anti-Democratic.

I believe, in view of the extraordinary expenses incurred by Turkey in support of the U.N. and U.S. policies, and in view of the need of Turkey to pursue defense modernization in which the U.S. has substantial interest, it is imperative that a full funding of the 1992 Fiscal Year security assistance requested by the Administration be provided to Turkey.

Thank you.

STATEMENT OF MAJ. GEN. FRED HAYNES, USMC (RETIRED), PRESIDENT OF THE AMERICAN FRIENDS OF TURKEY

Senator LEAHY. General Haynes.

General HAYNES. Mr. Chairman, I am pleased to be here today.

As you know, I am president of the American Friends of Turkey, and I am here to support the administration's 1992 request for $625 million in foreign military funds and $75 million in economic support for Turkey.

Turkey stands at the crossroads of Europe, the Middle East, the Mediterranean, and the Eurasian heartland, and this special geographic position makes Turkey uniquely important in an area of major strategic significance to the United States.

The combination of military and economic support funds that I have just mentioned is appropriately balanced, in my judgment, to this situation and will help ensure that Turkey continues to be a stable regional power for peace in a rather turbulent area.

Turkey's contributions to the Western alliance and her role as a United States regional security partner depend to a considerable degree on her armed forces who face significant regional military power.

A large part of her military hardware is outdated, making upgrading or replacement particularly urgent. Turkey does not have the financial resources to shoulder the entire burden of modernization and to realize her required military potential she has to rely, fairly heavily, on the United States and other Western allies.

It is my belief that it is in the United State's best interest and the interest of stability in the Middle East to ensure that Turkey receives the assistance needed to modernize its defenses.

In addition to the economic losses that have just been mentioned by Mr. Sevin, Turkey continues to hold to the embargo against Saddam Hussein and they expended about $700 million in the military actions that fixed roughly 12 Iraqi divisions in the north while Desert Storm took place in southern Iraq.

This year for example, Turkey must repay over $400 million in FMF debt service and if you add all of these together, the $625 million requested by the administration falls considerably short of actual needs, and yet, we hear this continual repeat of the sum of $500 million or so here in the Halls of Congress, so as to comply with the 7-to-10 ratio.

I agree with some of my colleagues here that we should set aside once and for all this arbitrary formula. The ratio, frankly, has never made sense to me as an American citizen. It has not made sense militarily nor diplomatically, and it is particularly inappropriate in my judgment when Turkey is expected to continue to make these unique contributions to international stability.

Turkey has demonstrated her resolve through the tumultuous years of the cold war, they proved their willingness to support freedom under law in distance places like Korea and today, again, they are supporting the ideals of democracy and are showing the willingness to place themselves at risk in the interest of mutual security.

PREPARED STATEMENT

That continued willingness makes the security alliance between Turkey and the United States a cornerstone of the emerging world order. We must, I believe, provide the necessary military and economic funding to Turkey at a time when this relationship, to me at least, is becoming even more important.

Thank you very much, sir.

[The statement follows:]

STATEMENT OF MAJ. GEN. FRED HAYNES

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today. I am here to testify in favor of the Administration's 1992 Fiscal Year request for $625 million in Foreign Military Funds and $75 million in Economic Support Funds for Turkey.

The end of the Cold War opens the way for a new world order based on international cooperation, but the world still harbors nations and movements that threaten to divide mankind once more into hostile coalitions. The world can only achieve a more benign order if key nations are ready and able to defend it.

Turkey is one such nation. Turkey stands at the crossroads of Europe, the Middle East, the Mediterranean, and the Eurasian heartland. It is, to say the least, an unstable neighborhood. Ethnic warfare threatens the newly liberated Balkans. Separatist movements are sweeping the Soviet Union's southern republics, and unrest in the USSR raises unsettling questions about nuclear security. The Middle East, with over half the world's oil reserves, is heavily armed and notoriously volatile. Iran, Iraq, and Syria, all of which have aspired to dominate the region, share a common border with Turkey.

Clearly, any hope for lasting peace in these regions depends first and foremost on Turkey's strength and its commitment to regional stability.

Turkey continues to follow the national security policy of "peace at home, peace in the world" originally laid down by Kemal Ataturk during his liberal reforms of the 1920's. This benign policy is founded on military strength. Highly professional armed forces traditionally guarantee Turkey's secular, constitutional system against extremism of all sorts. Strong external defenses assure the Turks that they need not dominate other nations in order to enjoy security at home.

Turkey has, however, joined in many efforts to safeguard peace abroad. Enthusiastic Turkish participation in the western alliance helped to defeat the expansionist ambitions of militant communism both in Europe and in South Korea. Today, Turkey is once again making economic sacrifices and placing its own territory at risk in the interests of mutual security.

From the outset of the Gulf crisis Turkey played a significant role in the international response. Turkey was the first country in the region to implement the United Nations embargo. It immediately closed the oil pipeline used by Iraq to export half of its crude oil. Turkey stopped transit trade through its territory, effectively cutting all overland trade between Iraq and Europe. Turkey deployed over 100,000 troops near the Iraq border which tied down about twelve Iraqi divisions during the war. Turkey also authorized the United States to use Incirlik and other joint military installations in Turkey to support and conduct operation Desert Storm.

Turkey's willingness to endure economic hardships for the defense of international principles has earned it widespread praise and recognition. Turkey's economic losses alone amount to about seven billion dollars, chiefly because of the shutdown in oil pipelines and the elimination of all transit trade with Iraq and other Middle East economies. Turkish incremental military costs, resulting from ground and air deployments near the Iraq border, total over $700 million. Turkish businesses which depend on tourism for their livelihood also suffered under a heavy economic strain.

Turkish contributions also extend to humanitarian assistance. In August and September 1988 over 65,000 Iraqis fled to Turkey from Saddam Hussein's poison gas attacks. Some of these refugees returned to Iraq following the amnesty law, while 28,000 remained in Turkey. Caring for these refugees has cost Turkey over $37 million, with current monthly expenditures averaging $2 million. In addition, the Turkish Government has spent over $200 million to date, excluding infrastructure costs, for the Iraq citizens fleeing the turmoil resulting from the Gulf war. It should also be noted that Turkey is currently providing

sanctuary to nearly 173,000 Bulgarian Turks, and it is believed that at least 300,000 Iranians remain in Turkey.

To date, contributions by the allies and coalition partners equate to less than 20 percent of Turkey's economic losses, and Turkish losses are continuing.

Although the Gulf War is over, it will take years before stable security in the region is achieved. Saddam Hussein remains in Iraq with a considerable amount of his military intact, while ethnic and civil unrest in Iraq add to the uncertainty of the region. Iran is still committed to exporting its Islamic fundamentalism to other countries. Syria maintains a strong military machine and, we believe, continues to sponsor, train, and harbor terrorists. With its historical, cultural, and economic ties in the Middle East, a strong Turkey can play a stabilizing role against such turbulence in the region and provide an effective bridge between East and West.

The Cold War may be over, but the Soviet Union is still a formidable military power. A strong and stable Turkey is essential for the Soviet Union's delicate transition from ideological aggressor to partner in a new world order. Turkey must have the strength and confidence to continue its policy of "peace at home, peace abroad," avoiding any course that might encourage ethnic or religious violence among Turkic peoples of the southern Soviet Union.

Turkey's potential as a member of the western alliance and as a U.S. regional security partner naturally depends to a great extent on the size and quality of the Turkish armed forces. Turkey must be able to hold its own with other regional powers, many of which have devoted huge resources to building up military power.

Turkey does have the second largest armed forces in NATO. The Turkish military has a distinguished tradition, highly dedicated officers, and troops who are renowned for their toughness and determination. Nonetheless, sheer numbers alone are a poor measure of

military strength even when the quality of personnel is high. High quality equipment is equally important.

Unfortunately, a large part of Turkey's military hardware dates from the 1960's or earlier; this makes the need to replace it particularly urgent. The Turkish government has accordingly given a high priority to modernizing its defenses. Turkey, despite its growing industrial base, does not have the financial resources to shoulder the entire burden of military modernization. To realize its required military potential, Turkey must, therefore, rely fairly heavily on assistance from the United States and from other western allies. Given the congruence of Turkish and American security interests and Turkey's proven record as an alliance partner, it is undoubtedly in the United States' own best interest to see to it that Turkey receives the level of assistance needed to complete the modernization of its defenses.

If Turkey is to receive a level of assistance that meets its real military needs, the United States Congress should approve the full amount requested by the Administration. We should set aside once and for all the arbitrary formula under which Greece, a much smaller nation, receives seven dollars worth of aid for every ten dollars that goes to the Turks. This ratio has never made sense militarily nor diplomatically, even at the height of the Cold War when both Turkey and Greece had crucial roles in defending NATO's southern flank. It is especially not appropriate today when Turkey is expected to make unique contributions to the security of a new world order.

During the Cold War, Turkey was indispensable. Turkey was the deepest salient in NATO's forward defense, one of the few United States allies that border directly on the USSR. Turkey also faced the Soviet-dominated Black Sea and controlled the USSR's only outlet to the Mediterranean. During this period, the Turks had to defend nearly six times as much territory with only one-fourth the gross national product per capita. Both Turkey and Greece shared a border with Warsaw Pact member Bulgaria, but Athens and the Greek

heartland lay well to the south behind mountain barriers, whereas the Turkish Straits and Istanbul, Turkey's largest population center, were less than 100 miles away. Therefore, in the interest of the alliance, Turkey required more resources.

As the Cold War tensions dissipate, dangerous instabilities continue to exist. As mentioned earlier, the Soviet Union remains a formidable power and the southern USSR promises to remain unsettled for a good many years. A strong Turkey is necessary to ensure capable defenses in the face of unpredictable developments in the Soviet Union. Turkey continues to play a critical security role on NATO's southern flank.

Earmarking assistance by a formula leads to the misallocation of military equipment and funds to a region now on the frontlines facing formidable opponents. According to the Defense Security Assistance Agency, Greece has been unable to use all of the funds provided by the United States. Greece had an uncommitted balance of over $1 billion for 1988 in unused foreign military sales credits and over $900 million in unused credits today. Almost all of Turkey's assistance is fully committed.

American assistance to Turkey should be judged solely on Turkey's needs, not some perception of evenhandedness with Greece. There is no sensible military or diplomatic rationale for insulting our Turkish allies and otherwise harming our interests by reinstating the seven to ten ratio.

In the tumultuous years of the Cold War, Turkey demonstrated its resolve to resist aggression, even when the potential aggressor was a nation of virtually unlimited military power. Turkey also proved willing to support the goals of the western alliance in places as distant as Korea. Today, Turkey is once again showing its willingness to endure economic hardship and place its own territory at risk in the interest of mutual security. That continued willingness makes the security alliance between Turkey and the United States a cornerstone of the emerging world order. The time has come to provide the necessary funding and to abandon an arbitrary aid formula that might cripple our relationship with Turkey at a time when this relationship is becoming more important than ever.

DEFENSE SYSTEMS

Senator LEAHY. General, you said in your full statement, which will be part of the record, that most of Turkey's defense systems date from the 1960's. Is that across the board, air, armor, everything else?

General HAYNES. It is diminishing in air. The air capabilities are being updated, and in fact, they are in a coproduction process now for F–16's. So the airborne part of air defense of Turkey is becoming much improved. It is an ongoing program, that particular program which will run into the middle of this decade.

The other portions, for example, the tank forces, helicopter availability, much of their logistic support capability is old, and I might say, when I make these points, Mr. Chairman, I am not saying increase the size of the force at all.

To the contrary, I am supporting the kind of effort that would increase its technical capability. It does not mean an increase in size.

Senator LEAHY. Thank you, General.

Mr. ROSSIDES. Mr. Chairman, may I respond for 30 seconds to the General?

Senator LEAHY. I will let you respond for the record because otherwise we will have other responses. We have already got a couple of panels that are not going to be able to testify this afternoon.

On second thought, if it will help your cause, please take the time.

Mr. ROSSIDES. It is the cause of the United States, Mr. Chairman, every penny that goes to Turkey in this aid bill subsidizes the forces of Turkey and Cyprus. It does not go to modernize anything.

Money is fungible. Every nickel of economic and military aid goes right into financing the 35,000 troops, the 80,000 illegal colonists, the 125,000-man army of the Aegean of Turkey aimed at Greece and the Turkish military in part, which most of its time is spent suppressing the Kurds in the eastern part of Turkey. And no one seems to want to talk about these things.

Senator LEAHY. Go ahead and talk.

Mr. ROSSIDES. How can we justify aid to an aggressor, the same kind of aid, the same kind of violation of the law, article II, paragraph four of the United Nations in Cyprus and not talk about it.

If we are going to mean a new world order, we have to apply the law equally to friend and foe alike. Eisenhower did it during the Suez crisis and we better do it now if we are going to have a new world order based on the rule of law.

And I submit that Turkey has little value in any new post-world order. Turkey in the Middle East, of what value to preserve the Persian Gulf order? None.

Mr. YOUSSOUF. Mr. Chairman, may I respond?

Senator LEAHY. Of course you may.

Mr. YOUSSOUF. I would like to supplement the record with a partial list of weapons that were purchased by the Greek Government of Cyprus and I will submit that to the chair.

[The information follows:]

PART OF RECENT OFFENSIVE WEAPONS OBTAINED BY GREEK CYPRIOTS

Type of weapon	Quantity	Country of origin
M-113 armored personnel carrier, (U.S.A.)	29	Greece.
103 mm OBUS	80	Yugoslavia.
128 mm multibarrelled missile	32	.....Do.
20 mm 3-barrelled missile	79	.....Do.
S-7 antiaircraft missile	40	U.S.S.R.
EE-Jararaca armed vehicle	45	Brazil.
EE-9 Cascavel armed vehicle	150	.....Do.
VAB-TT ZPT	90	France.
Milan antitank weapons	60	.....Do.
AMX-30 B2 tanks	37	.....Do.
Bell helicopters, (U.S.A.)	3	Greece.
Gazelle helicopters	4	France.
Leonides ZPT	53	Greece.
Biscover vehicle	55	Austria.
35 mm Oerlikon system	15	Switzerland.
HOT antitank weapon	80	France.
Patrol boat	2	Switzerland.
Mistral antiaircraft missile	500	France.
VAB TT ZBT	28	.....Do.
PC-9 Pilatus aircraft	2	Switzerland.
Steyr vehicles	100	Austria.
APILAS antitank weapon	1,500	Unknown.
120 mm cannon balls	150	U.S.S.R.

BUILD-UP OF ARMS IN SOUTHERN CYPRUS

Senator LEAHY. Thank you.

Mr. YOUSSOUF. The argument that Mr. Rossides advances is fully applicable to any aid that the United States gives to Greece. The fact is there has been a massive arms build-up in southern Cyprus and the fact is that a review in military analysis of those weapons indicates that they are not defensive in nature. They, in fact, have a fully offensive capability.

There have, in fact, been marches and demonstrations in Greek Cyprus where they come to the border, look through and say, we see through you to the sea. That does not sound like exactly peace loving people to me.

This illustrates the problem, Mr. Chairman, demanding that the United States withhold or reduce military assistance to Turkey as a way of getting Turkey to withdraw its troops does one thing and one thing only, it imperils the continued security and peace of that island, and we strongly reject the position advanced by my colleague, Mr. Rossides.

Thank you and I apologize for the extra time.

Senator LEAHY. It is only fair.

Mr. ROSSIDES. Thank you, Mr. Chairman.

Senator LEAHY. Our next panel will consist of Michael Granoff of the U.S. Committee for UNEP; Chor-Bishop Seely Beggiani of the Committee for Lebanon; Tanya Rahall, American Task Force for Lebanon; and Michael Hajj, American Lebanese League.

STATEMENT OF MICHAEL D. GRANOFF, VICE PRESIDENT AND DIRECTOR, U.S. COMMITTEE FOR THE UNITED NATIONS ENVIRONMENT PROGRAMME

Mr. GRANOFF. Mr. Chairman, my name is Michael Granoff, I serve as the vice president and director of the U.S. Committee for

the United Nations Environment Programme. I also run the venture capital arm of a large public trading and investment company in New York.

I came down from New York today to express my support for increased funding for the United Nations Environment Programme.

Senator LEAHY. Let us have order. Let me close the door. I apologize for the acoustics in this room. The problem is, there was a series of votes, and I was afraid that we would have to cut off more panels. We may have to anyway because the votes are over in the other building.

Please go ahead, Mr. Granoff.

Mr. GRANOFF. I served on the staff of the House Appropriations Subcommittee on Foreign Operations for several years in the early 1980's and well understand the competing pressures you face in determining funding levels for foreign assistance programs.

I must also admit that it is my first time on the other side of the witness table and hope your questions are perhaps not as pointed as the ones I once wrote.

I believe there are five points the committee should factor into its recommendation for UNEP funding levels for the coming fiscal year.

First, environmental problems are becoming an increasing threat to our health and well-being. Second, environmental problem are by their nature international in scope and do not stop at national boundaries. Third, given the international nature of environmental problems, their solution must also be international. Fourth, if international efforts are to be successful, the United States must be a leader, not a reluctant follower or obstructionist, and fifth, UNEP as an organization has performed a valuable role thus far, has avoided most of the politicization and bureaucratization often typical of United Nations agencies and has the potential to make a real contribution to solving the growing environmental concerns facing us, if it is adequately supported.

It is becoming clear that not only will environmental concerns be a dominant issue in the next decade and beyond, but that environmental problems are uniquely international in nature. One need only look at the Persian Gulf oil slicks, the rain forests in Latin America, and the world's common ozone layer.

These threats are so great and so universal that no country can hope to confront them alone. They compel us to act together.

As you know, UNEP was created in 1972 as a consequence of the U.N. Conference on the Human Environment to coordinate the environmental activities of the United Nations. UNEP's role is to define the dimensions of environmental problems, map their scope, and develop regional and multilateral mechanisms involving governments, industry, academia, and individuals to address those concerns.

It is neither an environmental bank nor an executing agency. While it employs only about 230 professionals, it is now involved in over 400 projects, focused in six areas: Atmospheric issues, fresh water, oceans and coastal areas, land degradation, loss of biological diversity, and hazardous waste and toxic chemicals.

In its relatively short lifetime, UNEP has made a real difference in the world's understanding and approach to environmental prob-

lems. It has also managed to make this different while avoiding the diverting politicization and stifling bureaucratization in management that have unfortunately sometimes marked U.N. programs. As a result, I think it has an influence far beyond its years and an impact far greater than its size or resources.

While UNEP is often looked at altogether with other multilateral entities, its function and importance are distinct from both the attributes and the criticisms of multilateral economic development programs.

In my view, the recent insufficient U.S. funding of UNEP reflects the mistaken belief of recent administrations that multilateral commitments and cooperation on environmental issues are not in the national interest, that they obstruct market forces, and that they impose an unnecessary burden on industry.

The criticisms raised against multilateral economic agencies for channeling resources through governments and strengthening public sector expansion at the expense of undercapitalized private enterprise may well be valid, but they simply do not apply to environmental action.

History has proven that the private sector on its own does not have the capacity to deal adequately with environmental problems, either nationally or internationally without the assistance and mediations of governments and international institutions.

I believe the potential for international cooperation on meeting the challenges of the global environment must be recognized in the same way that the benefits of an international approach to global security have been recognized.

We have recently witnessed the power of coordinated international action in America's interest in the Persian Gulf, what is true in war is no less possible in peace. It was an understanding of a common threat that brought together the forces of Desert Shield and Desert Storm. The nations of the world today face a common and perhaps even more severe threat from environmental problems, and an international solution is no less in the American interests in this case than it was in the gulf.

We cannot successfully combat environmental concerns from a purely American point of view if we fail to support UNEP and its programs and put ourselves in the position of being dragged reluctantly into international environmental action. Just as in the gulf, we must lead to be successful.

To date, Mr. Chairman, we have not led. In the face of increasing environmental concerns, the U.S. contribution to UNEP, adjusted for inflation, has steadily decreased since 1977. For fiscal year 1992, the administration has proposed a funding level of $13 million, a decrease of $2.8 million or almost 20 percent from the fiscal year 1991 level of $15.8 million.

PREPARED STATEMENT

UNEP's chances of meeting its potential and accomplishing its mission lies, as it unfortunately historically always has, in the hands of the Congress and particularly this subcommittee.

Senator LEAHY. Thank you, Mr. Granoff. As you probably know, you are preaching to the converted.

[The statement follows:]

STATEMENT OF MICHAEL D. GRANOFF

Mr. Chairman, members of the Committee, my name is Michael Granoff. I serve as the Vice President and a Director of the U.S. Committee for the United Nations Environment Programme (UNEP). I also run the venture capital arm of a large private trading and investment company in New York.

I came down from New York today to express my support for increased funding for UNEP. I served on the staff of the House Appropriations Subcommittee on Foreign Operations for several years in the early 1980's and well understand the competing pressures you face in determining funding levels for foreign assistance programs. I must also admit that it is my first time on the other side of the witness table and hope your questions are perhaps not quite as pointed as the ones I once wrote.

I believe there are five points the committee should factor into its recommendation for UNEP funding levels for the coming fiscal year. First, environmental problems are becoming an increasing threat to our health and wellbeing; second environmental problems are by their nature international in scope and do not stop at national boundaries; third, given the international nature of environmental problems, their solution must also be international; fourth, if international efforts are to be successful, the U.S. must be a leader, not a reluctant follower or obstructionist; and fifth, UNEP, as an organization, has performed a valuable role thus far, has avoided most of the politicization and bureaucratization often typical of UN agencies and has the potential to make a real contribution to solving the growing environmental concerns facing us, if it is adequately supported.

Seldom is an issue so compelling, so threatening and yet so seemingly intractable as is the global environment. It combines the difficulties of science - accurately measuring phenomena; the difficulties of complex problem solving; and the difficulties of statecraft-getting nations and individuals to act together. Yet this is the reality facing us and our efforts to preserve and improve the environment.

It is becoming clear that not only will environmental concerns be a dominant issue in the next decade and beyond, but that environmental problems are uniquely international in nature. One need only look at the Persian Gulf oil slicks, the rain forests in Latin America and our own ozone layer. These threats are so great and so universal that no country can hope to confront them alone. They compel us to act together.

Climate change, for example, is a global problem that demands a global solution. The actions needed to reduce greenhouse gas emissions are complex and varied. No one nation or group of nations is responsible for more than a fraction of the greenhouse gases which are warming up our planet - and no one nation can stop the inexorable momentum of the warming. Every nation will have a different set of actions it must take, depending on its industrial base, its energy sources, and its stage of development. The task is huge and difficult. But it is only through cooperation, and a joint approach to this problem by every nation in the world, that we can preserve this planet for our children in a form that at least resembles the world as we know it today.

The world has now accepted that global warming and climate change pose a serious threat, and that international action is needed. Individual industrialized nations are already taking steps to reduce their emissions of greenhouse gases, and negotiations have begun on a Convention on Climate Change. This negotiating process, launched by UNEP, aims to have a convention ready for adoption in 1992, at the United Nations Conference on Environment and Development.

As you know, UNEP was created in 1972 as a consequence of the U.N. conference on the Human Environment in Stockholm to coordinate the environmental activities of the U.N. It is governed by 58 nations elected on a rotationary basis by the U.N. General Assembly. UNEP's role is to define the dimensions of environmental problems, map their scope and develop regional and multilateral mechanisms involving governments, industry, academia and individuals to address those concerns. It is neither an environmental bank nor an executing agency. While it employs only about 230 professionals, it is now involved in over 400 projects focused in 6 areas:

- Atmosphere issues - climate change, global warming, ozone depletion and acid rain.
- Fresh water.
- Oceans and coastal areas - pollution and coastal zone management.
- Land degradation - desertification and deforestation.
- Loss of biological diversity - endangered species.
- Hazardous waste and toxic chemicals.

In its relatively short lifetime, UNEP has made a real difference in the world's understanding and approach to environmental problems. It has also managed to make this difference while avoiding the diverting politicization and stifling bureaucratization and management that have sometimes marked UN programs. As a result, I think it has had an influence far beyond its years and an impact far greater than its size or resources.

- UNEP's Global Environmental Monitory System (GEMS) and Global Resource Information Database (GRID) have provided a good deal of the seminal data on alterations in atmospheric chemistry, ranging from global warming to acid rain and threats to the ozone layer from CFC's.
- A convention on long range transboundary air pollution signed by 17 European nations.
- The Vienna Convention for the protection of the ozone layer and the 1987 Montreal Protocol - the first worldwide productive environmental agreement.
- UNEP Regional Seas Programs now involve 120 countries and 18 protocols and agreements including the South Pacific Regional Sea Convention which the Senate Foreign Relations Committee recently ordered reported favorably to the full Senate for approval.
- The Basel Convention for the control of transboundary movements of hazardous wastes and their disposal which the Administration recently sent to the Senate with implementing legislation for approval.
- The creation of an International Register of Potentially Toxic Chemicals.
- Unlike many environmental organizations, UNEP has sought a cooperative and non-adversarial relationship with industry and has begun an Industry International Environment Bureau to advance clean

technologies and coordinate responses to community-based chemical emergencies.

UNEP has mobilized an extensive environmental initiative in the Persian Gulf. The inter-agency meeting convened by UNEP established a task-force with a 90-day plan to survey and assess the environmental damage of the Middle East conflict. The plan involves monitoring and responding to oil pollution affecting human populations, ecosystems, living marine resources, and coastal infrastructure. It also is examining air quality, air-sea interaction, and long range transport of contaminants. Experts are carrying out the initial necessary surveys and assessments leading to an action plan which will attempt to mitigate, or eliminate, the consequences of the environmental damage. UNEP has set up a Technical Cooperation Trust Fund that will be used to develop and coordinate the implementation of the Action Plan.

While UNEP is often looked at together with other multilateral entities, its function and importance are distinct from both the attributes and criticisms of multilateral economic development programs. In my view, the recent insufficient U.S. funding of UNEP reflects the mistaken belief of recent administrations that multilateral commitments and cooperation on environmental issues are not in the national interest, that they obstruct market forces, and that they impose an unnecessary burden on industry. The criticisms raised against multilateral economic agencies for channeling resources through governments and strengthening public sector expansion at the expense of undercapitalized private enterprise may well be valid but they simply do not apply to environmental action. History has proven that the private sector on its own does not have the capacity to deal adequately with environmental problems, either nationally or internationally, without the assistance and mediation of governments and international institutions.

I believe the potential for international cooperation on meeting the challenges of the global environment must be recognized in the same way that the benefits of an international approach to global security have been recognized. We have recently witnessed the power of coordinated international action in America's interest in the Persian Gulf. What is true in war is no less possible in peace. It was an understanding of a common threat that brought together the forces of Desert Shield and Desert Storm. The nations of the world today face a common and perhaps even more severe threat from environmental problems and an international solution is no less in the American interest in this case than it was in The Gulf.

We cannot successfully combat environmental concerns, from a purely American point of view, if we fail to support UNEP and its programs, and put ourselves in the position of being dragged reluctantly into international environmental action. Just as in the Persian Gulf, we must lead to be successful.

To date, we have not led. In the face of increasing environmental concerns, the U.S. contribution to UNEP, adjusted for inflation, actually has steadily decreased since 1977. During the years 1980-1987, for example, the U.S. appropriation to UNEP in 1977 dollars decreased from $7.85 million to $3.89 million, a reduction of almost 50% in real terms. In 1990, the U.S. contribution was only $2 million more than its contribution in 1980. For fiscal year 1992 the Administration has proposed a funding level of $13 million with $1 million earmarked outside of UNEP's main program, a decrease of $2.8 million or almost 20% from the fiscal 1991 level of $15.8 million. UNEP's chances of meeting its potential and accomplishing its mission lies - as it unfortunately historically always has - in the hands of the Congress and particularly this subcommittee. We believe

that the growing agenda of critical needs which UNEP must address will call for a U.S. contribution of no less than $25 million.

In 1992, the UN will convene the successor to the original 1972 Stockholm Conference that founded UNEP, the UN conference on Environment and Development (UNCED). Just as the Stockholm Conference set the stage for international environmental action in the 1970's and 1980's, UNCED will hopefully lay out a strategy for action in this decade leading into the next century. UNEP has already been called upon by the UNCED Preparatory Committee to provide input in 17 individual areas including air quality, desertification, oceans and coastal areas, and energy production. UNCED is expected to approve a program of action for the implementation of guiding principles to be adopted in an Earth Charter. UNEP is the international institution best suited to have primary responsibility for many of the elements of the action plan. But UNEP may lack the capacity to play that role if it does not receive sufficient funding.

The state of the earth is reaching the top of the political agenda. The challenge for the U.S. and the international community is to reconcile the sovereignty of nations with the sovereignty of nature. UNEP provides an institutional mechanism and the potential for such a reconciliation at the international level. It deserves and has earned our increasing support - politically, administratively, and financially.

Thank you.

The following table shows the U.S. contribution to the fund since 1973, adjusted for inflation. In real terms, with the exception of the 1990 appropriation, the United States' annual contribution has steadily decreased since 1977.

YEAR	NOMINAL DOLLARS (unadjusted/millions)	1977 DOLLARS (estimated/millions)
1973	$ 4.30	$ 5.85
1974	8.20	10.22
1975	3.20	3.63
1976	7.50	8.00
1977	10.00	10.00
1978	10.00	9.32
1979	10.00	8.56
1980	10.00	7.85
1981	9.98	7.15
1982	7.84	5.28
1983	7.80	5.07
1984	9.80	6.19
1985	9.84	5.98
1986	8.61	5.08
1987	6.80	3.89
1988	7.84	4.36
1989	9.50	5.07
1990	12.00	6.35

Source: CRS [Congressional Research Service chart]

STATEMENT OF CHOR-BISHOP SEELY BEGGIANI, CHAIRMAN, COMMISSION FOR LEBANON, DIOCESE OF ST. MARON, U.S.A.

Senator LEAHY. Mr. Beggiani.

Bishop BEGGIANI. Thank you, Mr. Chairman.

I appreciate the opportunity to testify and I hope that the printed text will be accepted into the record.

Senator LEAHY. It will be.

Bishop BEGGIANI. The Persian Gulf war and its aftermath have shown us that the Middle East cannot be escaped. It affects American interests. It has an impact on all parts of American political and economic life.

In the aftermath of the Persian Gulf war there is all kinds of planning going on, all kinds of thinking of how to establish new relationships, and how to perhaps have a new world order, and there is even the hope that ideals of pluralism and democracy can be introduced into some of the countries of the Middle East.

What I would submit to the committee is that the country of Lebanon, which has had such a tragic history for 16 years could very well be a good working model for the United States to focus on as an example of what can be done regarding democracy in that region of the world.

And I cite four reasons for that. First of all, despite all of what has happened to Lebanon in the last 16 years, it has been able to preserve its concept of a democratic government and institutions. Second, Lebanon, compared to many of the countries of the world, even the countries in Eastern Europe has had a long tradition of a free press, freedom of religion, free speech, and guaranteed civil rights; and third, you can make the argument that the Lebanese fought for so long and for so hard to preserve the idea of freedom and liberty.

And finally, Lebanon, because of its geographic and other reasons is a meeting place between East and West, where Moslem and Christian can face each other with equal footing and with mutual respect.

However, having said all of that, as you well know, Mr. Chairman, Lebanon, because of the 16 years of fighting has its economic and administrative infrastructure in shambles, thousands have been killed, other thousands have been wounded. There are thousands of orphans, thousands of displaced families. Hospitals, factories, schools have been damaged or destroyed.

We realize that the Lebanese have to take the initiative in rebuilding their country, but we believe that the United States can take a very active role, and in helping Lebanon it is helping an old ally which can become a strong ally again, and the Lebanese people are intelligent and resourceful enough to be able to use this kind of economic aid.

Considering what is at stake, we believe that the proposed appropriation for Lebanon is very little, and we are asking for your consideration, that $50 million be appropriated in economic aid for Lebanon.

If the United States is willing to invest itself in this way, it will restore the confidence of the people of Lebanon. It will build their morale. It will encourage the return of many Lebanese and their

investment, and it will enhance U.S. influence in that very delicate area in the Middle East.

I also want to speak for the Lebanese army. As you well know, in the last few months, it has been trying to establish sovereignty over a large part of Lebanon. It also needs our help. I want to single out also the $400,000 in IMET funds that would be used for training Lebanese officers.

We believe that this will help U.S. interests, to have Lebanese officers training in the United States, seeing our way of life, forming bonds of friendship, it can only be helpful for Lebanon and for ourselves. And I want to encourage, as I mentioned in my testimony, that the funds that have already been appropriated for fiscal year 1991 should be released so that this can take place.

Finally, the United States fought a war in Kuwait with the main principle that occupying forces should not remain in a sovereign country. We believe that U.S. credibility is at stake in all parts of the world and especially Lebanon, that it do all it can in a vigorous way to remove occupying forces from Lebanon.

Finally, if I can just read my last paragraph here——

Senator LEAHY. Which ones?

Bishop BEGGIANI. I speak primarily of Syria and Israel.

Senator LEAHY. Thank you.

Bishop BEGGIANI. And there are some Iranian forces there too.

We have before us a splendid opportunity to invest in democracy in the Middle East. War and oppression ultimately result in the expenditure of billion of dollars. Here, the spending of a few million dollars can have fruitful and beneficial results. For many countries, the concepts of democracy, freedom, and pluralism are only in the realm of speculation or embryonic at best, and in Lebanon, these concepts have been a reality for a long time.

PREPARED STATEMENT

They are ready to be revived and blossomed forth again and we in America have it within our capacity and will to make this happen.

Senator LEAHY. Thank you very much.

[The statement follows:]

STATEMENT OF CHOR-BISHOP SEELY BEGGIANI

Mr. Chairman, Members of the Committee, I represent the Diocese of St. Maron—U.S.A., which consists of Maronite Catholics found throughout the United States. Since most of our members are Americans of Lebanese descent or recent Lebanese immigrants, we have a deep concern for the country of Lebanon.

The Persian Gulf War and its aftermath have underlined the gravity of the issues at stake in the Middle East. The world has been reminded that the Middle East not only cannot be ignored, but has the potential to affect seriously the political and economic interests of the rest of the world and especially the United States.

At the present time, our country and the world community are trying to assess the immediate and long-term future of the Middle East. Initiatives are being proposed to solve some of the more, intractable problems. The United States and others are studying the feasibility of new economic and political relationships within the region and internationally. Speculation has arisen regarding the possibility of a new order in the region and in the world. The ideal would be the introduction of pluralism and democracy into various countries of the Middle East.

We believe that Lebanon, despite its recent tragic history, can be a working-model of the positive developments that can be realized in other countries of the region.

The reconstruction of Lebanon can be a good starting point for America's post-Gulf war policy in the Middle East.

We cite the following reasons:

(1) Lebanon today survives and perseveres as a people and a nation, and has preserved its constitutionally democratic government and institutions, albeit under much stress and strain. This is true despite the fact that Lebanon has undergone 16 years of killing and destruction, of displacement of populations, of seeming loss of hope.

(2) The nation of Lebanon in comparison to many other modern countries of the world and especially of the Middle East, already has a relatively long-established tradition of freedom of speech, a free press, freedom of religion, and constitutional guarantees of civil rights.

(3) One reason why many of the Lebanese people fought and suffered for so long was to preserve Lebanon's freedom and liberty.

(4) Lebanon in the past was an arena where West and East, Christian and Muslim could meet in dialogue with mutual respect and on an equal footing. This attitude is again manifesting itself in Lebanon.

If one of the features of American policy toward the Middle East is to encourage the birth of democracy, pluralism, personal freedoms, and dialogue, these are already to be found firmly ingrained in Lebanon and its people.

Lebanon, at the present time, is reeling from its disastrous experience of the past 16 years. Its administrative and economic infrastructure is in shambles. Besides the thousands that have been killed, thousands have been maimed and are handicapped. There are thousands of homeless children and orphans. Thousands of families have been displaced. Hospitals, schools, factories, and private homes have been destroyed or severely damaged.

While the Lebanese people themselves must take responsibility for rebuilding their nation, they cannot do it alone. Countries like the United States must come to their aid. The Lebanese people are a strong, intelligent, educated, and resourceful people. American economic assistance will not be wasted. If the United States comes to the aid of the Lebanese people, they will be coming to the aid of an old ally in desperate need who will soon be a strong and vigorous ally in the Middle East.

The proposed appropriation for Lebanon for fiscal year 1992 is very small considering both the need and what is at stake. While we appreciate the increase proposed by the House of Representatives, we propose that at least $50 million in economic support be allocated to Lebanon. This significant first step would go a long way in restoring the confidence and morale of the Lebanese people. It would also encourage the return of many who have left Lebanon and their personal and financial investment in the future of Lebanon. It would enhance United States influence in this vital area of the Middle East.

We would also like to call to your attention the work of religious humanitarian institutions in Lebanon. We are especially familiar with the Maronite Social Fund established by the Maronite Patriarch and Bishops. Its work is directed toward the broad range of humanitarian needs in Lebanon, including food, health care, schools, and housing. Its aid is distributed solely on the basis of need, with no distinction as to religion or any other criteria.

While American assistance is directed yearly to such educational institutions as the American University of Beirut and Beirut University College, we would also direct your attention to the recently established University of Notre Dame of Loaizé. It is organized according to the American system of education and is conducting all its classes in English. Its intention is that many of its students will pursue higher studies in the United States. Also, worthy of note are the Jesuit University of St. Joseph of Beirut and the University of the Holy Spirit of Kaslik. Both of these institutions are committed to teaching the cultures and values of East and West.

The Lebanese army is slowly but deliberately extending national sovereignty throughout Lebanon. It is the hope of the Lebanese and it is the intention of the world community that Lebanon have sovereignty over all its territory as soon as possible, and guarantee secure borders to its neighbors. In this regard the Lebanese army is in need of aid. We also support the request for $400,000 in IMET funds for Lebanon. The training of Lebanese officers in the United States, giving them the opportunity to witness America's democratic way of life and to form bonds of friendship, can only serve American interests. We therefore hope that IMET funds which have already been appropriated for fiscal year 1991 be released so that this training can continue.

We trust that the day will come soon that all non-Lebanese forces withdraw from Lebanon. The Persian Gulf war was fought to remove the foreign occupation of Kuwait. America's credibility and leadership can only be enhanced if it vigorously car-

ries out a consistent policy that occupying armies whatever their interests must withdraw from sovereign nations, as is the case with Lebanon.

We have before us a splendid opportunity to invest in democracy in the Middle East. War and oppression ultimately result in the expenditure of billions of dollars. Here the spending of a few million dollars can have fruitful and beneficial results. For many countries the concepts of democracy, freedom, and pluralism are only in the realm of speculation or embryonic at best; in Lebanon these concepts have been a reality for a long time. They are ready to be revived and blossom forth again, and we in America have it within our capacity and will to make this happen.

STATEMENT OF TANYA RAHALL, EXECUTIVE DIRECTOR, AMERICAN TASK FORCE FOR LEBANON

Senator LEAHY. Ms. Rahall.

Ms. RAHALL. Mr. Chairman, thank you very much.

Thomas Nassif, the chairman of the American Task Force for Lebanon, regrets that he could not be here today. He is a former U.S. Ambassador to Morocco and currently chairman of the board and CEO of Gulf Interstate International in San Diego, CA.

I am Tanya Rahall, executive director of the American Task Force for Lebanon. The task force is an organization whose goal is to heighten awareness of the American public and U.S. Government officials and policymakers to the plight of the Lebanese people. We do not take sides in internal Lebanese politics, but rather hope that by our own interfaith cooperation and consensus, we can set an example.

Our members are Americans of Lebanese origin and comprise not only all religious groups in Lebanon, but also a prominent roster of American talent in business, law, medicine, and the arts, as well as officials in public office including three Members of Congress.

Since April of last year, representatives of the task force have had a succession of meetings with President Bush. We have had a wide-ranging discussion about the problems in the Middle East in general and Lebanon specifically. And we have come away with the strong impression that the fate of Lebanon and the Lebanese people is of deep concern to the administration.

Indeed, the people of Lebanon are suffering as perhaps few people have suffered in history. A war which lasted for 16 years defies both logic and morality and as always, it is the people who suffer. It has been estimated by UNICEF's representative in Lebanon that at least 40,000 children have been killed during the Lebanese civil war with many more wounded and handicapped.

Despite these and other tragedies, we believe that Lebanon is approaching stability and tranquility. The Lebanese Government is working toward making greater Beirut an island of security and has begun the deployment of the Lebanese army to south Lebanon. This should constrain Palestinian attacks against Israel.

It has been stated by American officials, making the case for foreign assistance, that 75 percent of aid appropriated to U.S.-based PVO's is spent in the United States in the form of products and administrative costs. From the experience of many PVO's, administering a typical aid project costs between 5 and 12 percent of the appropriated funds when indigenous personnel are employed.

But when the project is administered in the United States, the cost soars between 15 and 50 percent of the total. Lebanon is not an underdeveloped country lacking the technical expertise to administer aid projects. We would suggest that more of the money be

turned over to indigenous Lebanese PVO's, providing that these PVO's have a history of sound accounting.

There are some international auditing firms based in Beirut that have the ability to check the fiscal responsibility of the Lebanese PVO's. In fact, U.S. AID designated 11 such Lebanese PVO's to receive $190,000 in ESF for fiscal year 1990.

This is not to say that U.S.-based PVO's do not play a vital role for the Lebanese. Some of them have extremely low overheads, even comparable to the Lebanese PVO's. We wish to acknowledge and thank organizations such as Save the Children, Catholic Relief Service, YMCA, World Rehabilitation Fund, the Near East Foundation, and the American Red Cross for their exceptional performance in dispensing aid.

As we reported last year, the Lebanese Government participated in a meeting of all the major donor countries and PVO's operating in Lebanon. The meeting, organized by UNDRO, was held in Geneva on June 25–26, 1990, and a report was issued specifying in great detail the needs of Lebanon.

We believe that this report can be used as a guide to eliminate duplication of aid experienced by Lebanon in the past. It is precisely this type of cooperation with the Lebanese Government that will help ensure efficiency and proper accountability.

For fiscal year 1992, we kindly request that you, Mr. Chairman, and members of this subcommittee, appropriate a minimum of $50 million in foreign assistance for Lebanon.

In June 1990, the Lebanese Government conducted an economic survey, estimating the costs of reconstructing the country's damaged infrastructure at $6.25 billion. We are under no illusion that the amount we are requesting will defray much of the estimated $6.26 billion. This will come in large part from the Lebanese expatriate community and the Arab countries.

However, significant foreign aid grant from the United States will signal to the Lebanese expatriates and the Arab states that the United States is politically committed to a stable Lebanon and that their capital has some security.

PREPARED STATEMENT

We further request a minimum provision of $400,000 in IMET funds for Lebanon. Without a strong Lebanese army, it makes no sense to talk about Lebanon once again assuming control over its territory.

Senator LEAHY. Thank you, Ms. Rahall. We will put the rest of the statement in the record. I am afraid, otherwise, Mr. Hajj will not get a chance to speak.

[The statement follows:]

STATEMENT OF THOMAS A. NASSIF, CHAIRMAN, AMERICAN TASK FORCE FOR LEBANON

I am Thomas A. Nassif, Chairman of the American Task Force for Lebanon (ATFL) and former U.S. Ambassador to Morocco. I am currently Chairman of the Board and CEO of Gulf Interstate International of San Diego, California. The Task Force is an organization whose goal is to heighten awareness of the American public and United States government officials and policy makers to the plight of the Lebanese people. We are a group of about 130 Americans of Lebanese heritage from all backgrounds and religions. We do not take sides in internal Lebanese politics but rather hope that by our own interfaith cooperation and consensus, we can set an example. Our members comprise not only all religious groups in Lebanon, but also a prominent roster of American talent in business, law, medicine and the arts, as well as officials in public office, including three members of Congress.

Since April of last year, representatives of the Task Force have had a succession of meetings with President Bush and Governor Sununu in the White House. We have had wide-ranging discussions about the problems in the Middle East, in general, and Lebanon, specifically. We have come away with a strong impression that the fate of Lebanon and the Lebanese people is of deep concern to the Administration.

Indeed, the people of Lebanon are suffering as perhaps few people have suffered in history. A war which lasted for 16 years defies both logic and morality and as always, it is the people who suffer. It has been estimated by UNICEF's representative in Lebanon that at least 40,000 children have been killed during the Lebanese Civil War, with many more wounded and handicapped. Despite these and other tragedies, we believe that Lebanon is approaching stability and tranquility. The Lebanese government is working toward making Greater Beirut an "island of security" and has begun the deployment of the Lebanese Army to South Lebanon. Greater Beirut has pronounced importance because 50% of Lebanon's inhabitants reside there and 70% of Lebanon's economic activity comes from there. We can report that Beirut and its environs now have electricity for at least 8 hours a day and that water has been restored, although much of the infrastructure is still in terrible disrepair. With the improvement in security, reconstruction can be expected to begin and the economy will start to revive. The movement of the Lebanese Army into South Lebanon should constrain Palestinian attacks against Israel.

But in the meantime, there is urgent need for assistance to the beleaguered civilians who are the main victims of the violence. The Lebanese pound, which stood at 3.5 to the dollar in 1983, is currently around 925 pounds to the dollar. For a country that imports 70% of its needs, this has put the price of needed imports of food and commodities completely out of reach for most Lebanese. Never have the Lebanese needed more help than they do now.

Our government has a proud history of support and aid to the

needy around the world and today the need in Lebanon is great. But often, this question is raised: How can we be sure that our aid is being equitably distributed? We at the American Task for Lebanon are vitally concerned that the aid given to Lebanon reaches all those in need, and only them. Moreover, we are equally concerned that the vast majority of the funds appropriated go to the needy and not the administrators.

It has been stated by American officials making the case for foreign assistance, that 75% of aid appropriated to US-based PVOs is spent in the United States in the form of products and administrative costs. From the experience of many PVOs, administering a typical aid project costs between 5 and 12 percent of the appropriated funds when indigenous personnel are employed. But when the project is administered in the United States, the cost soars to between 15 and 50 percent of the total. Lebanon is not an underdeveloped country lacking the technical expertise to administer aid projects by itself. We would suggest that more of the money be turned over to indigenous Lebanese PVOs, providing that these indigenous PVOs have a history of sound accounting. There are some international auditing firms based in Beirut that have the ability to check the fiscal responsibility of the Lebanese PVOs. In fact, US-AID designated 11 such indigenous Lebanese PVOs to receive $190,000 in ESF for FY 1990. This is not to say that US-based PVOs do not play a vital role for the Lebanese. Some of them have extremely low overheads, even comparable to the Lebanese PVOs. We wish to acknowledge and thank organizations such as Save the Children, Catholic Relief Service, YMCA, World Rehabilitation Fund, the Near East Foundation, and the American Red Cross for their exceptional performance in dispensing aid.

Congress is rightfully concerned about accountability. The U.S. diplomatic mission and the Ambassador have both returned to Lebanon, thus facilitating auditing of these Lebanese PVOs.

As we reported last year, the Lebanese government participated in a meeting of all the major donor countries and PVOs operating in Lebanon. This meeting, organized by the United Nations Disaster Relief Organization (UNDRO), was held in Geneva on June 25-26, 1990, and a report was issued specifying, in great detail, the needs of Lebanon. We believe that this report can be used as a guide to eliminate duplication of aid experienced by Lebanon in the past. It is precisely this type of cooperation with the Lebanese government that will help ensure efficiency and proper accountability.

As you know, a bill introduced by Representative Mary Rose Oakar earmarking $7.5 million for development or economic support assistance to Lebanon for both FYs 1990 and 1991, was unanimously adopted by the House in 1989 as part of Chairman Fascell's *en bloc* amendment to the FY 90-91 Foreign Assistance Authorization Bill. Funds were appropriated in 1990, and last year the full House and Senate approved an amendment appropriating the funds for FY 91. We wish to thank you, Mr. Chairman, for approving these desparately needed funds for Lebanon. For FY 92, we kindly request

that you, Mr. Chairman, and members of this Subcommittee, appropriate a minimum of $50 million in foreign assistance for Lebanon.

In June 1990, the Lebanese government conducted an economic survey on the costs of reconstructing the country's damaged infrastructure. The survey arrived at a figure of $5.25 billion for the country, excluding the region then controlled by General Michel Aoun, plus more than $1 billion for the Aoun-held territories. Included in these figures is a very urgently needed $210 million to conduct repairs to generators and conveyance networks in Lebanon's electricity system. We are under no illusions that the amount we are requesting will defray much of this estimated $6.25 billion. This will come in large part from the Lebanese expatriate community and Arab countries. However, a significant foreign aid grant from the United States will signal to the Lebanese expatriates and the Arab states that the United States is politically committed to a stable Lebanon and that their capital has some security.

We further request a minimum provision of $400,000 in IMET funds for Lebanon. Without a strong Lebanese Army, it makes no sense to talk about Lebanon once again assuming control over its territory, protecting its neighbors from attacks, and ending the rule of the militias. The United States' share of the United Nations Interim Force in Lebanon (UNIFIL) is assessed at over $40 million dollars a year, and if the Lebanese Army shows its capability in controlling its territory, then the 6000-man UNIFIL force can be dispensed with at a great savings to the United States.

Lebanon has suffered dramatically from the recent events in the Gulf, yet it was the first Arab country to have publicly condemned the Iraqi invasion of Kuwait and support the U.S. An estimated 40,000 Lebanese were working in Kuwait and as many as 20,000 were working in Iraq. Kuwait and Iraq were also the second and third leading destinies for Lebanese exports. Just when it appeared that the Lebanese might catch their breaths at the conclusion of the Civil War, the economic disaster of the Gulf crisis descended upon them.

We cannot simply turn our backs on "old friends". Doing so might severely hinder or damage American interests around the world. Mr. Chairman, Lebanon will rise from the ashes and the Lebanese people will remember that Americans cared, that Americans helped, that Americans did not let them down in the depths of their tragedy.

STATEMENT OF MICHAEL HAJJ, AMERICAN LEBANESE LEAGUE

Senator LEAHY. Mr. Hajj.

Mr. HAJJ. Thank you, Mr. Chairman.

My name is Michael Hajj. I am an executive board member of the American Lebanese League, a nationwide, nonprofit organization founded by American citizens in 1976 to promote United States-Lebanese relations and to foster the sovereignty, security, democracy, independence, and unity of Lebanon within the concept of U.S. national interests.

We are not a lobbying organization, but an educational, humanitarian, and social organization with a broad national membership base representing the philosophy and ideals of 2.5 million Americans of Lebanese descent.

We continue to believe, Mr. Chairman, as we have had stated in earlier testimony before this committee, that the appropriation issues should be decided within a policy framework. Therefore, it is essential in the first place to identify and promulgate a policy that is logical and just.

It is apparent that the legacy of the gulf war has dramatically affected Lebanon. It has permitted the consolidation of Syrian hegemony over Lebanese soil, Lebanese Government, and all Lebanese state institutions. In effect, Syria is being allowed political domination of Lebanon in exchange for its vague pledge to withdraw militarily from Lebanon.

The Lebanese army has been the target of a systematic attrition campaign by Syria. This is hardly surprising, as the army has always symbolized the independence and sovereignty of Lebanon. Through its hand-picked members of the government, Damascus is having all officers known for their nationalist stand against foreign armed presence on Lebanese soil removed.

Since mid-February of this year, over 150 high ranking officers from the army and internal security forces have either been removed from their commands and forced into early retirement. Key army appointments increasingly are being filled with open pro-Syrian officers.

The principal Lebanese militia leaders have all agreed to dissolve their military apparatuses, and in fact, this has been accomplished. However, it is apparent that this process must be accomplished equitably and without favor or discrimination, for otherwise new provocations will arise and we will see the rapid rearmament of all of Lebanon.

Instead, Palestinians and Hizballah, the Iranian-backed Shiite fundamentalists have refused to disarm. The Syrians have reached an agreement with Iran to tolerate Hizballah's continued armament, and the issue of the Palestinians continues being put off.

The United States is consumed by other priorities at present. Moreover, this country finds itself in the uncomfortable position of turning a blind eye to Syrian President Asad's moves in order to sustain Asad's support for larger United States regional objectives.

The irony of this is that Washington is watching Syrian refusal to compromise at the regional level while it tolerates Syrian oppression and subversion of democracy in Lebanon. The present American policy toward Lebanon, however well-intentioned, Mr. Chairman, is neither logical nor fair.

The Taif Accord was a reasonable idea, provided that the process led to just constitutional reforms and a free, sovereign, democratic Lebanon. There were, after all, the fundamental principles advocated at Taif. The problem is that the process, whatever legitimacy it may have had, has been quietly and effectively captured by the Syrians, while the United States and the Arab League Tripartite Committee on Lebanon turned their entire focus to the gulf and then to other regional issues, notably, the Arab-Israeli conflict.

Consequently, the process intended to disband militias, establish a broad-based government truly reflecting the will of the people and the withdrawal of all foreign forces, has now been replaced by a process that has established a totally pro-Syrian government whose plan is to appoint, not elect, new parliament members and to secure a partial, phased withdrawal of the Syrian occupation army only after ensuring that the political, governmental apparatus left behind is subservient to the regime in Damascus.

The Syrian-imposed government, which even contains two known terrorists, is considered foreign and unacceptable by the Lebanese people who want the Taif process to return to its original intent or be discarded as illegitimate.

PREPARED STATEMENT

The most recent Syrian travesty in Lebanon is the so-called treaty of brotherhood, coordination and cooperation signed only a few weeks ago by the two governments. This treaty turns over national defense, foreign policy, and the economy to joint Lebanese-Syrian committees.

[The statement follows:]

STATEMENT OF AMERICAN LEBANESE LEAGUE

Mr. Chairman, my name is Michael Hajj, of the American Lebanese League, a nationwide, non-profit organization founded by American citizens in 1976 to promote U.S.-Lebanese relations and to foster the sovereignty, security, democracy, independence, and unity of Lebanon consistent with the United States national interest. We are not a lobbying organization, but an educational, humanitarian, and social organization with a broad national membership base representing the philosophy and ideals of two and a half million Americans of Lebanese descent.

We continue to believe, Mr. Chairman, as we have stated in earlier testimony before this Committee, that appropriations issues should be decided within a policy framework. Therefore, it is essential in the first place to identify and promulgate a policy that is logical and just.

It is apparent that the legacy of the Gulf war has dramatically affected Lebanon. It has permitted the consolidation of Syrian hegemony over Lebanese soil, Lebanese government, and all Lebanese state institutions. In effect, Syria is being allowed political domination of Lebanon in exchange for its vague pledge to withdraw militarily from the country.

The Lebanese Army has been the target of a systematic attrition campaign by Syria. This is hardly surprising, as the army has always symbolized the independence and sovereignty of Lebanon. Through its hand-picked members of the government, Damascus is having all officers known for their nationalist stand against foreign armed presence on Lebanese soil removed. Since mid-February of this year, over 150 high-ranking officers from the army and Internal Security Forces have either been removed from their commands and forced into early retirement. Key army appointments increasingly are being filled with openly pro-Syrian officers.

The principal Lebanese militia leaders have all agreed to dissolve their military apparatuses, and in fact this has been accomplished. However, it is apparent that this process must be accomplished equitably and without favor or discrimination, for otherwise new provocations will arise and we will see the rapid rearmament of all of Lebanon. Instead, Palestinians and Hizballah, the Iranian-backed Shiite fundamentalists, have refused to disarm. The Syrians have reached an agreement with Iran to tolerate Hizballah's continued armament, and the issue of the Palestinians continues being put off.

The United States is consumed by other priorities at present. Moreover, this country finds itself in the uncomfortable position of turning a blind eye to Syrian President Asad's moves in order to sustain Asad's support for larger U.S. regional objectives. The irony of this is that Washington is watching Syrian refusal to compromise at the regional level while it tolerates Syrian oppression and subversion of democracy in Lebanon. The present American policy toward Lebanon, however well-intentioned, is neither logical nor fair.

The Taif Accord was a reasonable idea, provided that the process led to just constitutional reforms and a free, sovereign, democratic Lebanon. These were, after all, the fundamental principles advocated at Taif. The problem is that the process, whatever legitimacy it may have had, has been quietly and effectively captured by the Syrians, while the United States and the Arab League Tripartite Committee on Lebanon (Saudi Arabia, Morocco, and Algeria) turned their entire focus to the Gulf and then to other regional issues, notably the Arab-Israeli problem.

Consequently, the process intended to disband militias, establish a broad-based government truly reflecting the will of the people, and the withdrawal of all foreign forces (Syrian, Israeli, Palestinian, and Iranian) has now been replaced by a process that has established a totally pro-Syrian government whose plan is to appoint, not elect, new parliamentary deputies; and to secure a partial, phased withdrawal of the Syrian occupation army only after ensuring that the political, governmental apparatus left behind is subservient to the regime in Damascus.

The Syrian puppet government, which even contains two known terrorists, is considered foreign and unacceptable by the Lebanese people, who want the Taif process to return to its original intent or be discarded as illegitimate.

The most recent Syrian travesty in Lebanon is the so-called "Treaty of Brotherhood, Coordination, and Cooperation" signed only a few weeks ago by the two governments. This treaty turns over national defense, foreign policy, and the economy to joint Lebanese-Syrian committees. We need not wonder which party will dominate these committees, any more than we need be surprised at the content of this shockingly one-sided treaty. When one country physically occupies another, the result can hardly be expected to be an "equal" treaty. One amazing feature of the treaty is that it undoes some of the Taif reforms that were most eagerly sought both by Lebanese Muslims and by the United States. These joint committees have, in effect, an executive function that weakens the role of the parliament and cabinet, both of which are evenly divided among Christians and Muslims. But this is incidental to the control it gives Syria over all key areas of Lebanese national affairs.

It is unconscionable that the Syrian government be granted the cloak of legitimacy for its outrageous actions in Lebanon. Throughout the Middle East, the moral power and leadership of the American principled stand in the Gulf is quickly being dissipated as leaders and peoples alike watch this country tolerating, even indirectly blessing, Syrian depredations and the systematic Syrian subversion of Lebanese democratic tradition. The United States has leverage on Syria now more than ever, since Syria's traditional supporters, the Soviets, are unable to provide all Syria needs or even to maintain the current level of Syrian armament. Syria has been assiduously courting the United States, and it is about time Washington demanded a real quid pro quo.

We strongly support assistance for Lebanon in its reconstruction process, but we also feel that the United States government has a clear moral commitment, as a supporter of and indirect participant in the Taif process, to use all possible leverage to arrest the Syrian take-over of Lebanon, to put an end to Syrian subversion of Lebanese democracy, and, in conjunction with other members of the international community, to hold Syria to its promise to withdraw its forces from Lebanon.

TERRORIST ACTIVITIES

Senator LEAHY. You say you find it somewhat incongruous that the United States has been strongly backing Asad, notwithstanding his own terrorist activities, the harboring of terrorism, the human rights violations that he has conducted, and various other things.

Mr. HAJJ. With the record that you have stated of Mr. Asad, which is quite accurate, that he is still being dealt with openly and allowed the upper hand in Lebanon is incredible. Syria is by no means a democracy, so how can they can oversee the redemocratization of Lebanon?

Senator LEAHY. There are some in the Senate who feel that the current alliance is as strange an alliance of friendship as the one the United States had 1 year ago with Saddam Hussein when we gave him $2 billion in credits because of his great friendship. A few days later he was the Hitler of the Middle East.

But there are some, I am not necessarily saying who they are, but there are some in the Senate who feel that the United States

makes a bad mistake in getting in bed with a terrorist and human rights background like Asad. But that is for policymakers to determine and not those of us who obviously do not understand the issue. I am speaking for myself, of course, and not of you, sir.

Your whole statement will be made part of the record, and I appreciate your being here, all of you. Thank you.

STATEMENT OF THOMAS A. DINE, EXECUTIVE DIRECTOR, AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

Senator LEAHY. The next panel consists of Thomas Dine of the American Israel Public Affairs Committee; Robert Freedman of the Jewish Peace Lobby; and Frederic Herter of the American University of Beirut.

Mr. Dine, please go ahead.

Mr. DINE. Thank you for this opportunity to testify, Mr. Chairman.

The Middle East has changed dramatically since the last time we testified before this subcommittee. Thanks to America's leadership and the superb performance of our armed forces in the gulf, Iraq's military threat to the region has significantly diminished, but as long as Saddam Hussein remains in power he will continue to sow the seeds of instability by menacing his own population, misdirecting precious national assets, and intimidating his neighbors.

Thanks to the rapid U.S. dispatch of Patriot missiles to Israel, the physical and psychological damage of 39 Iraqi SCUD missiles launched against Israel was less than it might have been.

Nevertheless, Israel did suffer substantial economic and military losses from the missile attacks and from the gulf crisis in general. We profoundly appreciate the leadership role this committee took in helping Israel secure $650 million in supplemental emergency assistance to help them meet the cost of the gulf crisis and to, Mr. Chairman, I say thank you personally.

The gulf has in many ways highlighted the importance and need for $3 billion in U.S. economic and military aid to Israel. First, aid is important to advancing the Middle East process now underway. Israel's leaders have agreed to join the United States, the Soviet Union, the Europeans, and any Arab state in a broad forum that will lead to direct negotiations between Israel and its Arab neighbors.

The Israelis have carried out a series of confidence building measures which Secretary of State Baker had suggested would move the process forward. Israel, the United States, and the world now await to learn of the Arab response to Israel moves on the peace front, of the Arab moves on the peace front.

My own view, Mr. Chairman, is that at last we are beyond appearances and things are moving. We need a sustained effort to create a genuine peace process. Additionally, it is the objective of this organization to try to end the unrestrained arms race in the Middle East.

We hope that the new conditions created by Desert Storm will make possible a drastic cut in arms sales to the Middle East. We believe that a multilateral pause in arms transfers to the region

could be used effectively to promote direct discussions, to establish verifiable arms reductions.

Second, while the Iraqi military threat has diminished, Israel's qualitative edge continues to erode. Not only does Iraq, which is certain to replenish its arsenal over the next few years, remain a long-term threat, but Syria has emerged as an even more dangerous foe than it was prior to the gulf crisis.

Damascus is investing its $3 billion gulf windfall in massive arms purchases from the Soviet Union and has recently taken delivery of sophisticated SCUD–C missiles from North Korea.

Arab nations, fueled by petro dollars, continue to spend $30 billion a year on their military forces, while the value of U.S. aid to Israel has declined in real terms by $400 million since 1986.

The fact is that Israel did not have enough Patriot missiles to defend herself against the Iraqi threat because she could not afford to purchase them. U.S. aid has become more important than ever.

Third, aid is crucial this year to stay the course on economic recovery and growth programs and to help Israel meet the challenge of absorbing hundreds of thousands of new emigrants from the Soviet Union, Ethiopia, and elsewhere.

Last month's brilliant Israeli rescue operation in which over 14,000 Ethiopian Jews were airlifted to Israel once again demonstrated what Israel is all about: A safe haven for persecuted Jews anywhere in the world. America's critical role in making the operation possible underline the fundamental affinity between the two countries.

The United States has worked closely with Israel to help rescue its economy from severe distress. Faced with the colossal task of absorbing hundreds of thousands of emigrants, Israel, nonetheless, is striving to address the underlying structural changes required for sustained economic growth.

For 5 consecutive years Israel has held the line on inflation. American economic support funds to Israel remain a crucial part of Israel's economic recovery. U.S. loan guarantees for the absorption of Soviet emigrants is necessary for success in absorbing the million emigrants expected to arrive in Israel during the next 3 to 5 years.

And finally, Mr. Chairman, aid to Israel is a wise investment because Israel is our one democratic friend and most reliable ally in a critical region of the world.

PREPARED STATEMENT

How and what this subcommittee does on foreign aid will have a direct impact on Israel's future. I, therefore, urge you, Mr. Chairman and members of this subcommittee, to continue to support $3 billion in earmarked economic and military aid to Israel, as well as assistance for resettlement of Soviet Jews and other important policy provisions which help advance U.S. national interests and Israel's well-being in an important part of the world.

Senator DECONCINI [presiding]. Thank you, Mr. Dine.

[The statement follows:]

STATEMENT OF THOMAS A. DINE

Thank you, Chairman Leahy and members of this distinguished Subcommittee, for the opportunity to testify before you. Appearing with me is Ester Kurz, the American Israel Public Affairs Committee's Legislative Director. AIPAC believes in the critical importance of U.S. relations with Israel, and recognizes the prominent role that foreign aid plays in accomplishing America's foreign policy objectives not only in Israel but around the world.

AIPAC is a domestic membership organization of American citizens who value a strong partnership between our country and Israel. On our Executive Committee sit the presidents of the 47 major American Jewish organizations, representing more than four-and-a-half million active members throughout the United States, as well as leaders of the pro-Israel community from all 50 states.

Thanks to America's leadership and the superb performance of our armed forces in the Gulf, the Middle East has become a safer place than it was just a few months ago. There is no question that the destruction of Iraq's offensive military capability has bolstered the security of all the Gulf states and Israel. At the same time, Israel cannot afford to relax its defenses. Not only does Iraq, which is certain to replenish its arsenal over the next few years, remain a long-term threat, but Syria has emerged as an even more dangerous foe than it was prior to the Gulf crisis. Damascus is investing its $3 billion Gulf windfall in massive arms purchases from the Soviet Union, and has recently taken delivery of sophisticated Scud-C missiles from North Korea. Israel will need continued U.S. aid to counter these threats.

Israel, which acceded to U.S. requests not to respond to the 39 Iraqi Scud missiles fired at its main civilian population centers, suffered heavy psychological and economic losses during the crisis. The government and people of Israel were deeply appreciative of the immediate dispatch by the United States of Patriot missiles in response to the Iraqi Scud attacks. We in the American Jewish community also deeply appreciate the leadership role this Committee took in helping Israel secure $650 million in supplemental emergency assistance to help meet the costs of the Gulf crisis. Whereas Israel's direct military costs were largely restored by the supplemental aid package, another $2 billion in economic costs continue to weigh down its already strained economy. These costs include the collapse of tourism; the temporary but steep increase in the price of imported oil; business losses as a result of the country's virtual wartime shutdown as protection against the Scud attacks; and the economic costs of the partial mobilization required by the war. All these costs came on top of Israel's overwhelming economic burden resulting from the absorption of hundreds of thousands of Jewish immigrants from the Soviet Union, Ethiopia, and elsewhere. Israel clearly needs our help to overcome its wartime losses, to cope with the colossal task of immigrant absorption, and to maintain its deterrent strength among states which still refuse to recognize its existence.

Economic and military aid serves our national interest--both at home and abroad. We urge you to preserve the Congressional prerogative to earmark. We urge you to support $3.0 billion in economic and military aid to Israel, and other important policy provisions to enhance U.S.-Israeli relations.

The situation in the Middle East in general and in Israel in particular has become even more troubled since I last testified before this Subcommittee on behalf of foreign aid. Therefore, it is especially important not to lose sight of basic facts. The United States has a particular moral and strategic interest in Israel, the one democracy and our only reliable ally in the Middle East. Positioned in a vital area of the Middle East--midway between Europe and the Persian Gulf--it is the sole country in the region with meaningful free elections, a robust free press, checks and balances to prevent and correct abuses of authority, extensive protections for the rights of individuals and minorities, basic equality for women, and other safeguards and rights that are typical of a free society yet nonexistent in any other Middle Eastern country. The Israeli Supreme Court is the only independent judiciary in the region that is prepared to listen to the grievances of all citizens, Jews and Arabs alike. And Israel is the only country in that area where every person has the freedom to worship in his or her own way.

Israel thus stands in sharp contrast to other countries of the region, which include monarchies like Saudi Arabia, where power is permanently concentrated in the hands of a few wealthy princes and where average citizens are under constant surveillance by the religious police and internal security forces; dictatorships like Iraq, whose crimes are so well known as not to require recitation, and like Syria, whose human rights record is no better than Iraq's; or radical fundamentalist regimes like Iran, which terrorizes its minorities, suppresses its middle class, backs terrorist groups holding American hostages in Lebanon, and, until the 1988 cease-fire, routinely sent off young children into battle to serve as live "mine detectors." The combination of extremism and fundamentalist Islam that Israel confronts each day in the region is best exemplified by the knife-wielding young Palestinians who shouted "God is great!" while stabbing innocent Israeli civilians to death.

An overwhelming majority of Americans support U.S. economic and military aid to Israel, and a majority has been found to support an increase in the level of U.S. aid to Israel. Eighty-three percent of American adults think that the U.S. should increase or maintain at the same level the economic and military aid it gives to Israel, according to a New York Times-CBS News poll conducted in January. A similarly strong majority -- 85 percent -- believe U.S. ties to Israel should be kept the same or be strengthened, an October Washington Post-ABC News poll revealed. At that time, nineteen percent were found to believe that the United States should increase its aid to Israel. Since that time, American public support for an increase in U.S. aid to Israel has grown dramatically: a March poll of American adults conducted by Republican consultant Fred Steeper and Democratic Consultant Stanley Greenberg revealed that a majority of Americans believe the United States should increase its aid to Israel.

According to poll data, Americans support the U.S.-Israel relationship because of their sympathy with the Jewish state and their conviction that Israel is a democratic ally whose security and well-being are vitally important to U.S. interests. Eighty-four percent of American adults view Israel as a close ally or friendly nation to the U.S., according to a Harris poll conducted in late February. Polls also suggest that Americans view Israel's support for the U.S.-led coalition during the Gulf crisis as a demonstration of its reliability as an ally. There is no question that Israel bolstered its already strong standing in American public opinion through its approach to the crisis; a Wall Street Journal-NBC News poll conducted after the Gulf war found that a majority of Americans -- 55% -- gained respect for Israel in light of the developments of the Gulf war. Just after the crisis began with Iraq's invasion of Kuwait, pollster Louis Harris reported that "Israel is now viewed as a more reliable ally compared with Arab nations who seem to be much more mercurial in their relations with the United States."

The figures tend to fluctuate with events, but a majority of Americans consistently say they sympathize with Israel. Clearly, Americans do not agree with all policies of the Government of Israel any more than they do with all the policies of our own government. But, a great majority of Americans support Israel's survival and defense and very few would want to tamper with the security assistance which is Israel's vital lifeline.

Indeed, the absolute amount of our aid to Israel is substantial. But it is comparatively one of the most cost-effective investments that the United States makes in support of its international interests. U.S. expenditures in support of our European allies in NATO, for example, are more than 40 times the size of our aid to Israel, which is doubtless the most visibly pro-U.S. country in the world. And we get a good return on our money to Israel, more than 80% of which flows back to the United States each year. Secretary of Defense Cheney noted last year that "The United States provides aid and assistance to Israel but we also get national security benefits in return." The relationship has been cooperative in the truest sense of the word. Just after the Gulf war, Secretary Cheney said that the crisis "has been a demonstration of the value of maintaining Israel's strength, and her ability to defend herself, and also the value of the strategic cooperation between our two countries."

Mr. Chairman, the deep, broad-based partnership between the United States and Israel continues to flourish. A new era is dawning that holds great promise for both countries and bodes well for the future of U.S.-Israel relations. The relationship between the United States and Israel is steadfast and strong. And this Subcommittee, by voting for $3 billion in military and economic assistance to Israel in FY 1992, will be helping to ensure that steadfastness and strength which have always worked to the benefit of both countries.

Partners for Peace

First and foremost, Mr. Chairman, the United States and Israel are partners in launching a peace process. Last March we celebrated 12 years of peace between Israel and Egypt, a peace midwifed by the United States. Indeed, the viability of that historic achievement was vividly demonstrated by Israel's relinquishment in 1989 to Egypt of Taba in accordance with the decision arrived at by an international arbitration panel--a mechanism provided for in the U.S.-brokered treaty. Israel proved once again that it lives up to its commitments. Moreover, the legacy of that period of intense negotiations is illustrated by the ongoing tireless efforts of the United States, Israel, and Egypt toward advancing peace in the area.

Israel worked closely with the Administration to promote the peace process during Secretary of State James Baker's four recent trips to the Middle East. The far-reaching concessions Israel made during that period are not generally appreciated or understood.

Prior to Secretary Baker's travels, Israel's position on peace negotiations was clear-cut. U.S.-assisted direct negotiations with the Arab states was the sole proven mechanism capable of producing an Arab-Israeli peace. That mechanism had produced the Camp David accords and the Egyptian-Israeli peace treaty, and, in fact, the Administration as well regarded it as the most promising avenue.

But when Secretary Baker arrived in Jerusalem from his trips to the Arab capitals, he told the Israelis that the Arabs demanded an international conference to "legitimize" the direct negotiations. Although Israel was reluctant to accept any international involvement which could only weaken its position due to the international hostility toward Israel, Jerusalem agreed to a broad forum to inaugurate the direct negotiations.

Secretary Baker then relayed another Arab demand: that the Soviet Union participate as full co-sponsor of the negotiations along with the United States. Given the historic Soviet hostility toward Israel and Foreign Minister Bessmertnykh's statement in Damascus that the Soviet position on the Arab-Israeli conflict was identical with that of the Arabs, the new demand was particularly hard on the Israelis. Nonetheless, to move forward the peace process, Israel accepted the demand.

As if that was not enough, Secretary Baker then conveyed yet another Arab demand: European participation in the peace process. Since the Europeans had for more than a decade taken to routine denunciations of Israel and support for the PLO, the Israelis were reluctant to go along with the demand. Nonetheless, Israel finally agreed and the Europeans as well were promised a seat at the table.

All these concessions came on top of Israel's recommitment to Resolution 242 and the Camp David accords which pledged full autonomy to the Palestinians in the territories, as well as to the May 1989 Israeli peace initiative which offered free elections to the Palestinians. And just this month, Prime Minister Shamir stated in public that sovereignty over the territories as well as the settlements would be subject to negotiations with the Arabs.

As of this writing, the Arab states have not even come close to matching these constructive Israeli concessions. In fact, they have simply piled on more demands. As if a Soviet and European presence were not enough, the Syrians have demanded a role for the United Nations and a reconvening of the regional conference and even then they might not participate. Syria has not yet replied to the President's request for a clarification of its position on the peace conference, and the Jordanian reply has been described as inadequate. Saudi Arabia has only agreed to participate at the peace conference through a Kuwaiti Gulf Cooperation Council observer, and at the proposed regional issues meetings in an unspecified manner. In the meantime, all Arab states except Egypt stubbornly adhere to their four-decade-old state of belligerency against Israel and to the Arab boycott of Israel, while Syria continues to purchase lethal ballistic missiles and other advanced weapon systems.

We hope the Administration will intensify its efforts to persuade the Arab leaders to renounce the state of belligerency and the boycott. As long as the Arabs refuse to accept Israel as a legitimate state in the Middle East, the peace process is unlikely to lead to meaningful agreements.

In addition to the far-reaching concessions Israel has made toward the Arab states, the Israeli authorities have undertaken a series of important confidence-building measures toward the Palestinian residents of the territories:

* In April, Israel released over 1,200 Palestinian prisoners held for involvement in the intifada violence. Just last week, an additional 400 were released. Since Moshe Arens was appointed defense minister, over 2,200 Palestinian prisoners and detainees have been released.

* Israel has reopened all Palestinian high schools and junior colleges, as well as four universities, most recently Hebron and Bethlehem Universities. These schools had been closed because they had served as centers of intifada violence. Israel is now considering the possibility of reopening soon the only two universities still closed--Bir Zeit and Al-Najah.

* Although Palestinians working in Israel have brutally murdered innocent Israeli civilians, Israel has approved the return to Israel of nearly 130,000 Palestinians workers from the territories. This number exceeds by 20,000 the number of Palestinians who worked in Israel before the Gulf war. By registering all these workers and barring from Israel all undocumented workers, the Israeli government is protecting the Palestinian workers from exploitation by unscrupulous Israeli employers.

* Just last week, Israel approved the holding of elections for the Hebron Chamber of Commerce. The Defense Ministry has also approved future elections for the Chambers of Commerce of Nablus and other West Bank cities. Israeli Officials hope these elections will eventually lead to municipal elections in the West Bank and Gaza.

* In May, the Civil Administration of the territories granted 31 permits for the establishment of new factories in the West Bank and Gaza. The permits include ten factories in the construction sector, six in the raw materials sector, and textiles and pharmaceutical plants.

* The Israeli government announced a tax reform program designed to improve the quality of life of the Palestinian population and to encourage investment in businesses in the territories. The program will exempt new factories from taxes for up to three years. Already last week, U.S. Ambassador to Israel William Brown said he was impressed by what he believed was "evidence of a significant policy of economic development."

* Israel has approved the opening of the first industrial bank in the Gaza Strip to foster industrial development.

The Israeli government has repeatedly expressed a willingness to meet with representatives from the territories, individually or as a group. Ministers Shamir, Arens, and others do meet with Palestinians. It is not that there is no one to talk to, it is that the moderates are intimidated--and with good reason. More Palestinians have been killed by PLO death squads since the beginning of 1990 than in clashes with Israeli security forces. As an example of the power of PLO intimidation, Faisal Husseini was forced to withdraw a statement condemning the launching of Scuds against civilian targets in Israel because his life was threatened.

Israel remains committed to its May 1989 initiative, which provides for free democratic elections for Palestinian representatives to be held among the Palestinian residents of the territories. These representatives would be empowered to negotiate with the Government of Israel over an interim agreement and eventually on the terms of a permanent settlement. Such elections, it should be said, would entail great risks for Israel, because it is very possible that a radical nationalist or Islamic fundamentalist representation would be elected.

So Israel is prepared to go quite far on Palestinian representation. What it is not prepared to do is to allow the issue to be settled by the PLO, because the PLO is dedicated to the goals of Saddam Hussein, goals which in fact would lead--if achieved--to Israel's destruction.

If the Palestinians of the West Bank and Gaza saw things more clearly, they would accept the Israeli offer of elections and negotiations, instead of intoxicating themselves on the false dreams offered by Saddam Hussein and Yasir Arafat. If they had acceded to the 1978 Camp David accords, they would have been far better off than they are today.

Another element of the peace process that has only recently become a focus of attention in the United States is the issue of regional arms control. As early as 1987, the Israeli government proposed to the United Nations negotiations to exclude unconventional weapons from the Middle East, including a nuclear-free zone. In December 1990, Israel's Prime Minister proposed that the major arms producers limit the volume of conventional weapons they will deliver to the Middle East after the Gulf crisis is resolved, so that the Middle East would not become the arena for another cycle of the arms race. Key members of Congress have proposed ways to encourage such a limitation of sales of conventional weapons to the Middle East by the major arms suppliers. President Bush has echoed some of these points in his recent arms control initiative.

It is the objective of this organization to try to end the unrestrained arms race in the Middle East. We hope that the new conditions created by Desert Storm will make possible a drastic cut in arms sales to the Middle East. We believe that a multilateral pause in arms transfers to the region could be used effectively to promote direct discussions among suppliers to establish verifiable arms sales reductions.

All these arms control proposals entail significant risks for Israel because, historically, Israel has had not only fewer resources but far fewer suppliers than the Arabs and is therefore more vulnerable in the event that the Arabs evade an agreement. While an arms supplier restraint regime will slow the influx of new weapons into the Middle East, arms control negotiations aimed at reducing existing arsenals could begin once the Arab nations accept the reality that they will have to sit down with Israel.

The most crucial element in the present search for a real peace is close cooperation between the United States and its one permanent ally in the region, Israel. As the Chairman of the Joint Chiefs of Staff Colin Powell stated earlier this year, "Peace in the Middle East, a peace we all yearn for, can only be secured if the U.S.-Israel relationship remains strong and vibrant. An Israel that is strong and secure is an Israel that can participate in the peace process with confidence and security." He might well have added that the reverse is also true: If Israel cannot count on the United States, if there is pressure instead of trust, it is far more difficult to make progress.

Confidence and trust are essential. Impatience, on the other hand, is an enemy of the peace process. The road to a positive peace will be long and it will be arduous. In Europe, the process of moving away from conflict between NATO and the Warsaw Pact toward conciliation and reduction of tensions has taken decades to complete--and Washington and Moscow have still not overcome all their differences over a nuclear arms agreement. For Arab states and Israel, a variety of first steps look promising and could serve as positive milestones along the way. If the Arabs are not ready for full peace and full economic relations with Israel, for example, a promising first step would be to ask the Saudis and the Kuwaitis to terminate at least the secondary boycott against Israel, ending the practice of boycotting third parties that trade with Israel. Certainly the two governments should immediately put an end to their shameful practice of denying admission to foreign citizens with an Israeli visa in their passports, as they recently did to Senator Frank Lautenberg.

Let me suggest another half-way measure. If it is not possible for Saudi Arabia and the others to negotiate peace treaties right away, they could start taking interim steps away from the state of belligerency. This might include declarations that they no longer consider themselves at war, combined with physical measures to dismantle forward installations at places like Tabuk Air Base that exist only because they are within striking range of Israel.

A third and related idea toward tension reduction might be an agreement to provide advance notification of military exercises and troop movements in locations that are near the frontiers. Such measures have proved successful in Europe, and might play a useful role in the Middle East without sacrificing any of the essential interests of the parties.

A fourth possibility is international negotiations on the terrible water shortage problems afflicting the entire region. Surely if there is a human problem that should transcend politics and ideological conflicts, it is the issue of water. President Ozal of Turkey will host a water "summit" in November. The Istanbul conference will be the first opportunity for policy makers from a variety of countries to address the need for a water management strategy. This could be an opportunity for leaders in the region to negotiate about a single issue that affects all, without sacrificing any advantages that they may perceive on other issues.

To advance the peace process requires a commitment to avoid the pitfalls of "evenhandedness"--ascribing a strategic and moral equivalence between our ally, Israel, and the PLO, which remains our sworn enemy as evidenced by its support for Saddam Hussein. It also means avoiding public confrontations as well as surprises--and rejecting the "Syndrome of Exaggeration," i.e., allowing exaggerated media reports of strains in U.S.-Israel relations to overwhelm the reality of close, multifaceted ties between the two countries in the perception of the American public and government. As a senior U.S. official has asked me, "Why do we spend 90 percent of our time focusing on the 10 percent of issues on which we disagree, and so little attention is given to the positive about the relationship?"

Furthermore, public pressure on Israel is counterproductive to the peace process. It undermines confidence and creates nervousness in Israel about the U.S. commitment. The Administration has taken a series of steps that have contributed to an erosion in the perceived trustworthiness of the United States, including statements that would have the effect of holding Soviet and Ethiopian Jews hostage to the issue of settlements, statements labelling Israeli settlements as the major obstacle to peace, and the angry public criticisms of the Israeli government since the day it was formed last year. We hope that the Administration, with the backing of Congress, and the Government of Israel will work together in vigorous pursuit of Middle East peace: Indeed, Secretary of State Baker's series of visits to Israel--beginning with a visit in March--his first ever--indicated a willingness to resume the political dialogue with Israel. Earlier this month, Secretary Baker and Foreign Minister Levy met in Washington to continue the dialogue.

With skill and patience, the United States can take the nations of the Middle East down the long and arduous road toward peace. We have fought a just war; we can win a positive peace.

Jerusalem

The people and both major parties of Israel are entirely united on one vital issue: their conviction that Jerusalem is and will remain the undivided capital of the Jewish state, as it has been for more than two decades.

Jerusalem is the embodiment of Jewish history, the heart and soul of the Jewish people. For three thousand years, Jerusalem has been the focus of Jewish national and religious yearning. For more than 40 years, the offices of Israel's President and Prime Minister, the Knesset, and most government ministries have been located in Jerusalem.

Under Jordanian control, Israeli Jews, Christians, and Moslems were denied access to their holiest shrines. By way of contrast, Israel has allowed each religious authority to oversee its own holy places.

Unfortunately, in March 1990 the Administration stated a position that is unacceptable to any Israeli government--Likud, Labor, or National Unity. By objecting to Jewish "settlements" in East Jerusalem, President Bush abruptly seemed to signal a major shift in U.S. policy: He declared U.S. opposition to Jews living in East Jerusalem--no previous administration has opposed Jewish housing in the Old City's Jewish Quarter; he drew a distinction between East Jerusalem and West Jerusalem, despite longstanding U.S. policy that Jerusalem should remain undivided; and, he linked East Jerusalem to the West Bank, failing to acknowledge Jerusalem's special status. We were gratified when soon after, Secretary of State Baker stated in a March 16, 1990 letter to a member of this panel, Congressman Mel Levine, that "Jews... can live where they want, East or West, and [Jerusalem] must remain undivided;" the President himself, in a March 20 letter to then Senator Rudy Boschwitz, wrote that "no peace that [he] can envision would deny Jews the right to live anywhere in this special city of Jerusalem." We hope that the Secretary of State's and the President's letters represent an authoritative statement of current U.S. policy. It is troubling that in a seeming contradiction to these two letters, a State Department report submitted to the House Appropriations Committee last month refers to East Jerusalem as part of the West Bank and to its Jewish neighborhoods as "settlements."

Jerusalem is the most difficult issue in the Arab-Israeli conflict and one that previous administrations wisely left for last. We hope that despite the State Department's report, the Administration will avoid raising the issue once again, so as not to create doubts about U.S. credibility at a sensitive time in the peace process, and set back the Administration's own efforts to initiate peace negotiations between Israel and the Arab states and between Israel and Palestinian representatives from the territories.

Moreover, U.S. statements on Jerusalem hardly encourage the Arab states to change their belligerent stance toward Israel and enter into peace negotiations. As the Senate and the House stated in a resolution adopted overwhelmingly last year, "ambiguous statements by the Government of the United States concerning the right of Jews to live in all parts of the city... inhibit and complicate the search for a lasting peace in the region." And as the resolution further declares, "Jerusalem is and should remain the capital of the State of Israel" and "must remain an undivided city in which the rights of every ethnic and religious group are protected."

Situation in the Territories

The U.S. government and the government of Israel are agreed on the need for easing tensions between Israelis and Palestinians and for direct negotiations between Israel, the Palestinian Arabs in the West Bank and Gaza, and the Arab states on the basis of U.N. Security Council Resolutions 242 and 338. Both governments are in fundamental accord on the absolute necessity for a long-term transitional period in the territories to precede any final settlement.

The ongoing violence in the West Bank and Gaza, further stimulated by the Persian Gulf war, lends added urgency to the search for peace. In siding with Saddam Hussein, PLO leader Arafat exposed the fraudulence of his claim to the mantle of a peacemaker. Arafat worked to link Saddam Hussein's struggle with the intifada, stating that "the sacred stone of the intifada now has the same aim as the R[ocket]P[ropelled]G[renade] gun, the same aim as the al-Husayn and al-Abbas [missiles] in this sacred national and pan-Arab epic that has put Israel in a state of weightlessness and destroyed forever the theory of secure borders for Israel." Even after Iraq's defeat, Arafat has continued his support for Hussein. In a cable from Arafat to Saddam Hussein on the occasion of the beginning of Ramadan, Arafat referred to Hussein's "courageous" leadership, adding that the two leaders should continue "to support our steadfast people in the blessed land of Palestine in their sacred struggle and the blessed intifada in order to liberate their territory and the holy places from the Israeli occupation and to establish their independent state with holy Jerusalem as its capital."

For over three years, the uprising leadership, in conjunction with PLO headquarters in Tunis, has consistently called in its manifestos to the local population for violence in the form of throwing rocks, hurling Molotov cocktails, wielding knives, and committing arson against the "Zionist enemy." A Fatah leaflet issued in the territories called for Palestinians to "resort to weapons, to light fires, to stab with knives, and destroy everything that can be destroyed, without restraint." The PLO has authorized Palestinians to make "widespread use" of Molotov cocktails against Israeli military targets. Since the introduction of the Israeli peace initiative in 1989, incidents of violence against Israeli civilians and soldiers almost doubled: from over 21,000 in 1988 to over 41,000 in 1989 and over 72,000 in 1990, averaging nearly 200 per day in 1990. The same pattern continues. In 1990, 3,750

actual Palestinian attacks on Israelis were recorded, of which half were perpetrated by the PLO. They included 133 stabbings. The use of firearms in all its forms against Israeli civilians and soldiers has increased as well. For example, in 1990, 90 bombing attacks against soldiers were committed, compared to 65 in 1989. The total number of firearm attacks in 1990 was 360. Since the beginning of the intifada in December 1987, 188 firearm shooting incidents and 28 live hand grenade attacks on Israeli civilians and soldiers were recorded. Since the beginning of the Persian Gulf war, 10 shootings were perpetrated, including two since the end of the war. During March 1991 alone, seven Jews were killed and eleven wounded in attacks by Palestinians.

As a democratic state in a hostile environment with enemies on three of its four borders and an antagonistic population under its control, Israel has groped for the most humane methods to contain the violence. The Israeli Defense Forces are required to operate under some of the strictest rules of engagement of any nation in defending against attacks by Palestinian Arabs who are bound by no guidelines other than the calls by the Unified National Leadership of the Intifada to use "all available means" against the Israelis. In 1990 alone, according to the IDF, Israeli civilians and soldiers suffered almost 1300 injuries from attacks with knives, Molotov cocktails, explosives, axes, guns, acid, and automobiles, as well as rocks. The intifada has been costly for Israel, and Israel's handling of the intifada has been the focus of extraordinary media coverage sparking extensive criticism. To be sure, there have been flaws in Israel's intifada management. Israelis have been the first to point them out. But, as Israel's political and military leaders have repeatedly indicated, the bottom line is that the problem requires a political solution. As Prime Minister Shamir declared in April 1989 at the White House, "Our two governments are agreed that the status quo is not desirable and not satisfactory. None of us wants to see it continued." Israel's defense minister, Moshe Arens, has conducted a series of meetings with Palestinian leaders in the territories in an effort to reduce tensions and promote negotiations. Mr. Arens' "policy of restraint" and reduction of Israeli military presence in the Palestinian population centers succeeded in reducing Palestinian casualties. When Richard Schifter, US assistant secretary of state for human rights and humanitarian affairs, visited Israel last summer to prepare the State Department's annual report on human rights, he commented, "With Moshe Arens I have found a much greater basic understanding of human rights in the territories than I did with his predecessor."

The PLO continued to sabotage the peace process by supporting Saddam Hussein's aggression against the coalition and ordering support for Iraq, escalation of the intifada, and directing its death squads to assassinate Palestinians advocating a political accommodation with Israel. Bethlehem Mayor Elias Freij harshly criticized the pro-Iraqi stand adopted by the Palestinians and the PLO, noting that "some Palestinians have shown bad judgement." In response, leaflets condemning Freij were distributed in the territories. Even before the Gulf crisis, on January 1, 1989, Yasir Arafat personally threatened the life of Mayor Freij for proposing a truce in the territories and said, "I will give him ten bullets in the chest." He later admitted to giving the PLO's internal Unified Leadership of the Intifada the "powers of commander-in-chief to sign execution decisions." As recently as March 30, the Unified Leadership issued a leaflet (No. 69) in which the PLO warns it would "break" any attempt to create an alternative leadership in the territories as it had done in the past. The leaflet sharply denounces the United States and opposes any U.S. mediating role in the peace process. It also attacks the Administration's idea of mutual confidence-building measures.

According to the State Department, the number of Palestinians murdered by Palestinians increased from 13 in 1988 to 128 in 1989, and to 165 in 1990--more than the number of Palestinians killed in clashes with Israeli security forces. The total number is today well over 425 killed and 1,350 wounded since the beginning of the intifada. In addition, 38 Palestinian detainees were murdered by other Palestinians in prison since the start of the intifada. 23 Palestinians were killed by fellow Palestinians in the month of May alone. The claim that all those murdered are "collaborators" with Israel and therefore deserve to die is baseless. Not only is such "collaboration" insufficient grounds for brutal assassination without trial, but many murders were no more than private acts of settling personal accounts.

While the world's attention was focused on the Gulf crisis, Palestinian violence against Israeli civilians and against each other reached new heights. Arafat's calls to "escalate, escalate the intifada" were met with action. The search for peace has become more difficult in light of the rise of Islamic fundamentalism in the territories, and the rise of fundamentalist groups such as Hamas. Last December, three Jews, two men and a woman, were murdered in Jaffa by terrorists who identified themselves with the Hamas movement. The victims of the attack were repeatedly stabbed and their bodies were mutilated; one was decapitated, one sliced into quarters, and a third disemboweled. Last April, masked Palestinian terrorists brutally murdered a young Palestinian UN worker in a West Bank refugee camp and wounded six of his relatives.

To advance the peace process requires confidence-building, not confidence-eroding, measures on both sides. This was the logic behind the series of tangible measures to improve the quality of

life for the inhabitants of the West Bank and Gaza on which the U.S. and Israeli governments cooperated closely since 1983. While undertaking strong new steps to deal with the intifada violence--particularly the recent wave of stabbings--Israel remains committed to the improvement of the Palestinians' quality of life in the territories. The measures to this effect, which had originally been coupled with King Hussein's ambitious West Bank development plan, were directed toward nurturing a stable Palestinian leadership in the territories with a stake in coexistence with Israel and Jordan. Such projects could become an integral part of future transitional arrangements for the territories in the peace process. AIPAC strongly supports increased U.S. funding for such measures and calls upon our European allies and Japan to contribute substantially as well.

PLO Violations of Commitments

In June of last year, the United States suspended its "substantive dialogue" with the PLO, recognizing that the PLO had continued to engage in acts of terror, undermining the peace process and stability in the region. This year, Arafat's actions almost seem designed to reassure the US government that the decision to halt the dialogue was correct. As then President Reagan said at the outset of the dialogue, "The PLO must live up to its statements. In particular, it must demonstrate that its renunciation of terrorism is pervasive and permanent." And as the highly commendable legislation "PLO Commitments Compliance Act of 1989" passed by Congress states, "any dialogue with the PLO [must] be contingent upon the PLO's recognition of Israel's right to exist, its acceptance of U.N. Security Council Resolutions 242 and 338, and its abstention from and renunciation of all acts of terrorism." Yet the PLO, despite Arafat's December 1988 commitments, has continued to engage in acts of terror and to undermine the peace process, thereby forfeiting whatever minimal role it may have hoped to gain at the negotiating table. Even former President Carter, who for decades has called for PLO participation in the peace process, stated in a Washington Post article published just last Sunday that the PLO should be excluded from the process until it "revokes the clauses in its charter that call from Israel's destruction." We hope this Subcommittee will continue to maintain and toughen up its oversight of the U.S.-PLO relationship.

PLO Chairman Yasir Arafat's aura as a peacemaker has been shattered by his support for Iraq's naked aggression against Kuwait. Arafat linked his cause to Saddam Hussein, stating that the PLO "can only be in the trench hostile to Zionism and its imperialist allies." Arafat provided Iraq with intelligence, arms, and thousands of PLO-trained guerrillas, while concurrently continuing his quest for diplomatic recognition.

A tragedy was narrowly averted in May 1990 when Israeli security forces foiled an attack by sixteen Libyan-trained, Iraqi-supported PLO terrorists. The terrorists, members of the Palestine Liberation Front (PLF) faction of the PLO, had intended to attack "hotel row," an area of Tel Aviv packed with tourists and Israeli civilians, as well as the U.S. Embassy. Had they succeeded, the results would have been catastrophic. The PLF attack constituted a clear-cut violation of Arafat's commitment to abandon terrorism, a condition of the U.S.-PLO dialogue. Under the terms by which the U.S.-PLO dialogue began, the dialogue could not continue unless the act of Abul Abbas was condemned, and Abbas expelled from the PLF. Recognizing that the PLF act constituted "sheer terrorism" which Arafat refused to denounce, President Bush decided to suspend the U.S.-PLO dialogue. This year, Abbas directed his wrath against the United States, threatening that "any American target will become vulnerable" should the United States attack Iraq. When US troops were deployed to Saudi Arabia, Abbas threatened to "strike at American and imperialist interests as soon as any foreign soldier sets foot on Arab territory." The United States and Israel must continue to work together to fight terrorist acts that endanger lives, threaten regional stability, and undermine the peace process.

Furthermore, Arafat's personal representative to the now suspended U.S.-PLO talks, Yasir Abd Rabbo, is the Number Two man at the DFLP, an organization which is responsible for numerous acts of terrorism since December 1988, including an attempt to attack the northern Israeli town of Zarit on March 17, 1990. The DFLP terrorists were armed with Kalashnikov rifles, LAW rocket launchers and hand grenades. The DFLP issued a statement after the US attack on Iraq, urging Arabs to "turn the Arab land into a burning fire under the feet of the American aggressors, their NATO and Israeli allies, and their Arab agents."

Arafat assisted Saddam Hussein by using PLO bases in Lebanon to launch a second front against Israel. During the war, an estimated 6-10,000 armed Palestinian guerrillas in Lebanon loyal to the PLO were in full mobilization. The PLO initiated a series of Soviet-made Katyusha rocket attacks in Israel's security zone. On January 29, PLO Fatah guerrillas unleashed the bigger barrage of such rockets toward Israel in eight years, aiming 80 rockets at four settlements in northern Israel. Although Arafat initially denied PLO responsibility, later he claimed that it was the PLO's "right"

to fire the rockets against Israel. Even now, Arafat continues his belligerency against Israel through the threat of force. Arafat initially rejected the Lebanese government's efforts to disarm the PLO's 10,000 trained terrorists. Arafat then pledged full PLO military support for the Lebanese government--or any government--that would fight against Israel: "The Palestinian rifle--and I want [Lebanese] President Hrawi to hear me--belongs to Lebanon's legitimate government, which it can use to face Israel and the Israeli occupation... The Palestinian rifle is at the service of the national, pan-Arab and Lebanese, Palestinian, and Arab cause."

Four months after the Allied victory in the Gulf, Arafat continues to embrace the defeated Saddam Hussein. Arafat cabled him on the occasion of the beginning of Ramadan, praising his "courageous" leadership and stating that the two leaders should continue to "support our steadfast people in the blessed land of Palestine in their sacred struggle and the blessed intifada in order to liberate their territory and the holy places from the Israeli occupation and to establish their independent state with holy Jerusalem as its capital."

Meanwhile the PLO continues to enunciate its "strategy of stages," first formulated by its Palestine National Council in 1974, to destroy Israel step by step. Faruq Qaddumi, a top PLO leader, stated, "Regaining part of our territory will not make us forget the Palestinian land. We shall pitch our tent as far as our bullet reaches. The Palestinian people will pitch their tent as a main base, and then the Palestinian people will study what the next stage will be." Indeed, within days of Arafat's Geneva pledge to recognize Israel, Salah Khalaf stated, "There is no alternative to defending [Arafat's] political communique through powerful armed activity--the armed struggle will not stand out from among the pages of the communique, but will escalate and grow...at first, a small state, and with Allah's will, it will be made large and expand to the east, west, north, and south...I am interested in the liberation of Palestine step by step."

The PLO rejected the idea of regional peace conference even before the first meeting between Secretary Baker and the Palestinians was held. Arafat rejected the possibility of peace negotiations between Israel and the Arab states, saying "no, this will not work." A senior PLO official stated that "the Palestinian delegation will reject categorically this regional conference and tell Baker he has to talk to the PLO and he knows the address is Tunis." And Fatah Central committee member Khaled el-Hassan's contribution was to describe the regional conference idea as "stupid."

Israel's historic rescue of over 14,000 Ethiopian Jews, warmly praised by the United States and other nations worldwide, has been harshly and shockingly denounced by the PLO and other Palestinian factions. PLO political chief Farouk Kaddoumi stated: "We stand against [the Ethiopian rescue] and we regret the facilities given by the U.S. to Ethiopian Jewish immigrants to move to Israel."

PLO chairman Yasir Arafat condemned the U.S. role in the Ethiopian rescue, stating that "the U.S. President took pride in that he had personally supervised the transportation of 16,500 Falashas [Ethiopian Jews] in 30 hours. This will help in swallowing up land, and establishing settlements after confiscating lands in Jerusalem, the West Bank, and Gaza Strip."

Hanan Ashrawi, one of the three Palestinians who met regularly with Secretary Baker, told the *Jerusalem Post* the Palestinians viewed the Ethiopian immigration "with tremendous alarm" as part of "a whole demographic change." She said she also found it "extremely alarming" that Israel reacted to all world events "only so far as it touches the Jewish community." It should be noted that after the Jordanian Red Crescent refused to accept an Israeli donation of food, water, and medicine for war-ravaged Iraqi civilians, an American Jew succeeded in getting nearly five tons of baby formula, intravenous fluid and bottled water donated by the Israelis to Basra.

Just as reprehensible is the PLO's declaration of Jewish immigration from the Soviet Union an "act of war." Arafat and his top aides are not only threatening the safety of the immigrating Soviet Jews, but also are employing pressure on the Soviet government to halt the emigration. Arafat personally asked the Kremlin to prohibit "direct maritime or air transport" of Soviet Jews to Israel, thus denying Israel its sovereign right to accept Jewish immigrants from anywhere in the world.

The PLO opposes Jewish immigration because it reinforces the permanency of the Jewish state. As Salah Khalaf stated, "The number of Jewish immigrants could be anywhere between 600,000 to one million persons in the next five years; that is, the same number as when the Jewish state was established--Israel's population in 1948 was 650,000. Thus the number coming to the region will be greater than the original number of people who created Israel. Here lies the danger. This is the danger which the Arab nation should understand and confront."

Arab Governments' Need to Act

As President Bush eloquently stated during Shamir's visit in 1989, "no political process can succeed in a political vacuum....The Palestinians, the Arab states and other interested parties must demonstrate that they too are willing to make peace a reality." President Bush's achievement in bringing Saudi Arabia, Egypt, and Syria into the anti-Iraq coalition cannot be overstated. However, we should bear in mind that among them, only Egypt comes close to sharing our broader political objectives in the region and has signed a peace treaty with Israel.

In March, just after the Gulf war, the President expressed hope that out of the Gulf conflict would emerge a new willingness among Arab states to recognize and talk with Israel. "We have Arab countries that are in a state of war with Israel," the President said. "Let's hope that out of this conflict in the Gulf, countries will see that the answer is to be, cease having a state of war. Let's hope that countries who have been unwilling to talk with Israel will be willing to talk with Israel."

Unfortunately, the hopes the President expressed in this regard have not been realized. No new Arab country has recognized Israel since the end of the Gulf war. The Gulf Cooperation Council has agreed to send a (Kuwaiti) observer to a peace conference, but neither Saudi Arabia nor any of the other GCC nations have expressed any willingness to end their state of war against Israel and enter into direct peace negotiations. After the events of the Gulf War, the Saudis and Kuwaitis should be doing a great deal more.

The State Department noted last month that the Arab boycott of Israel, led by the GCC and other Arab nations, "has no place in a process of reconciliation and dialogue." Yet the Arab boycott of Israel, led by Saudi Arabia, continues unabated. Just last month, the Arab League added 110 companies, including American firms, to its boycott list. A member of this Subcommittee, Senator Lautenberg, was recently denied entry to Saudi Arabia and Kuwait for a Congressional delegation visit on a passport containing an Israeli visa. Senator Lautenberg has introduced legislation directing the Secretary of State to immediately negotiate with Arab nations an end to any policies barring entry to U.S. citizens who have visited Israel and requiring the State Department to end the practice of issuing "Israel Only" passports. As the Senator noted in a letter to Secretary of State Baker on this issue, "American soldiers prepared to fight to restore security in the region are welcome. But Americans who have ever visited Israel are not... The policy is an impediment to peace and must be reversed."

Other than wishing to defeat Saddam Hussein, Syria has little in common with U.S. goals and methods. The Syrian regime is no less brutal than Iraq's, having killed 20,000 of its own citizens in Hama in 1982, recently massacred hundreds of Lebanese in the course of occupying Beirut, and sponsored countless terrorist acts around the world that have killed hundreds of innocent civilians. Syria continues to build up its army with the openly stated goal of achieving "strategic parity"-i.e., a war option--with Israel, and even membership in the U.S.-led coalition has not dampened its enmity to Israel. On January 23, Syria's information minister Salman stated: "Everybody knows that Israel is in a state of war with the Arab nation; it is an aggressor occupying Arab lands." A few days later, Vice President Khaddam criticized the U.S. delivery to Israel of the Patriot batteries which have successfully intercepted Iraq's Scud missiles aimed at Israel's civilian population centers. In May of last year, the Syrian General Mustafa Tlas, deputy armed forces commander, defense minister, and deputy prime minister, went as far as stating, "Assad alone has an outlook for the future; that is, the conflict between the Arab nation and Zionism is over existence, not borders." Just last month, Syria condemned Israel's rescue of Ethiopian Jewry. Syria's state-run ruling party newspaper lambasted the humanitarian operation as part of "a large international plot against all the Arabs."

Saudi Arabia, which is no more democratic than Iraq or Syria and whose strict Islamic code is incompatible with our most fundamental values, persists in its unremitting hostility to Israel. Thus Crown Prince Abdullah, ailing King Fahd's designated successor, stated on August 22, 1990, that the Saudi forces were meant to fight Israel, not Iraq. It is of vital importance to persuade Saudi Arabia--as well as the other Arab coalition partners--that a sea change in their attitude towards Israel is required if the peace process is to move forward. The Arab refusal to accept Israel's existence has always been the core of the Arab-Israeli conflict. Only if it is reversed can there be a realistic hope for progress toward regional peace.

Strategic Partners

To achieve peace and maintain it requires strength, particularly in the Middle East, which has been a region of such instability. As Secretary of Defense Richard Cheney declared last year, referring to Israel, "...no country can be expected to take risks for peace unless it feels secure." As Operations Desert Shield and Desert Storm demonstrated, the United States and Israel are strategic partners in the pursuit of regional security. Both countries have strengthened and enhanced each other's military posture.

The strategic value of Israel to the United States stems from its geographic position in a vital area of the Middle East, midway between Europe and the Persian Gulf, and from Israel's own strength, reliability and stability as America's closest ally in the region.

Since strategic cooperation was formalized in November, 1983, the two nations have held joint naval, anti-terrorism, and medical exercises, and undertaken joint research and development projects. In a time of shrinking defense resources, it is essential for the United States to utilize the benefits offered by closer strategic ties to Israel. This partnership must expand in order to respond to the challenges and opportunities of the 1990s.

Israel will grow in importance as U.S. security interests in the region begin to depend increasingly on its Mediterranean naval presence and non-European sites are sought for the possible redeployment and storage of U.S. equipment withdrawn from Western Europe.

The Bush Administration has shown it is committed to strategic cooperation, planning to build on the successes of the past decade by continuing joint activities in the areas of defense, economic, and technical cooperation. In the past year alone, fundamental elements of U.S.-Israel strategic cooperation have greatly expanded. A series of provisions in this year's defense appropriations and authorization bills promises to significantly enhance the U.S.-Israel relationship. The U.S.-Israeli Joint Political Military Group (JPMG) continues to meet bi-annually to discuss coordination between the military planners of both countries.

Several weeks ago, Secretary Cheney made his first visit to Israel as Pentagon chief, concluding an important agreement on the joint Arrow missile program and announcing several measure to enhance Israel's security and future strategic cooperation. Cheney's mission should dispel any lingering doubts concerning the importance to the United States of continuing and expanding the strategic alliance with Israel in the wake of the Persian Gulf war.

The effectiveness of the U.S.-Israel strategic alliance has been underscored by the enhanced cooperation that has emerged from the Persian Gulf crisis.

* Nearly a decade prior to Gulf crisis, Israel carried out a decisive act which turned out to be a critical contribution to Desert Storm when its air force destroyed Iraq's Osirak nuclear reactor in June 1981. Had Israel not taken out the reactor, the Allied forces could have faced Iraqi nuclear weapons.

* By warning Iraq that an invasion of Jordan would lead to an Israeli military response, Israel in effect guaranteed Jordan's territorial integrity. In making that move, Israel secured the western front for the Allies and enabled them to concentrate their war efforts on the eastern front--Iraq and Kuwait.

* By foregoing preemption and immediate retaliation for Iraq's Scud attacks at the cost of heavy casualties to its own civilian population, Israel has made a vital contribution to major U.S. objectives: avoiding an expansion of the Gulf war; thwarting Saddam Hussein's efforts to turn the war into an Arab-Israeli confrontation; and averting domestic pressures on the Arab coalition partners. Top U.S. and Allied officials have warmly praised Israel's restraint, which clearly facilitated the political and military direction of Operations Desert Shield and Desert Storm.

* Throughout Operations Desert Shield and Desert Storm, Israel continuously provided the United States with vital intelligence on Iraq. The Pentagon and Israel's Ministry of Defense maintained close contacts throughout the crisis.

* The operational launching by mixed American-Israeli crews of Patriot anti-missile missiles to intercept incoming Iraqi Scuds provided invaluable data for upgrading the Patriots' software. Rafael, Israel's weapons research and development authority, has cooperated with Raytheon, manufacturer of the Patriots, to improve the effectiveness of the missiles deployed in Israel, Saudi Arabia, and Turkey during the hostilities. Col. David Heebner, commander of the U.S. Patriot crews, last week praised the IDF for its "superb system, which enabled us to learn lessons very quickly and make changes" under combat conditions. He added: "We made changes in two weeks that would have taken two years to make under normal conditions. What was learned here was beneficial throughout the forces using the Patriot system."

* Special techniques and tactics in air-to-ground warfare developed over the years by Israel's air force were shared with the U.S. and used effectively by Allied combat pilots to locate and destroy Scud launchers.

* U.S. naval vessels, including aircraft carriers, used Haifa port facilities en route to the Desert Shield/Desert Storm theater of operations for refueling, maintenance, other support services, as well as rest and recreation (R&R). Haifa's harbor is to be dredged to allow even greater access to U.S. ships.

* Israeli defense technology contributed to the allied victory. Israeli-made Pioneer unmanned aircraft were effectively used by the U.S. Navy and Marines in Desert Storm to carry out reconnaissance and target acquisition missions in Kuwait and Iraq without risking the lives of U.S. personnel. A large

number of Israeli-made mine plows installed on U.S. tanks cleared paths through Iraqi mine fields in the desert, facilitating Allied attacks on Iraqi fortifications with minimal loss of life and equipment. Other Israeli-made systems and enhancements included conformal fuel tanks to extend the range of F-15 jet fighters; enhancements for F-16 fighters; reactive armor plating for U.S. tanks; and mobile bridges.

* Israel makes its hospitals available to care for wounded American military and other personnel in the region. During Operation Desert Storm, Israel made available 1,500 hospital beds in case they were needed for wounded U.S. servicemen.

In addition, strategic cooperation has provided a variety of other benefits to the United States over the years:

* Israel is cooperating with the United States on the development of the Arrow Anti-Tactical Ballistic Missile. As the Iraqi attacks on Israel and Saudi Arabia so clearly demonstrated, both countries have a vital need to build a defense against the growing threat posed by surface-to-surface missiles, dramatically underscored by the emergency deployment in January of the Patriot missiles to defend Israel. The first test-launch of the U.S.-Israeli Arrow was conducted in August 1990 and the second just last month. These successful demonstrations will be followed by additional launches during 1991. It is vital that a new MOA be concluded to cover the next phase of the Arrow program so that deployment by the mid-1990s will not be delayed.

* All branches of the U.S. armed forces continue to express great interest in the testing and procurement of Israeli defense systems. As the Pentagon's research and development budget continues to shrink in coming years, buying proven high-tech Israeli systems "off the shelf" is likely to become increasingly attractive. It will save the United States millions of dollars in development costs, and some programs may ultimately be worth billions of dollars to U.S. and Israeli industry.

* Many Israeli-made systems are especially suited to help the United States face the new strategic challenges of the 1990s. This is particularly true in the area of drug interdiction. Israel's success in securing its borders against terrorist infiltration is largely attributable to a wide range of equipment, from high-speed patrol boats to advanced electronic and optical devices, which would greatly assist our military and law enforcement agencies in the drug war.

* The Israeli Navy participates in joint naval exercises with the Sixth Fleet designed to strengthen U.S. anti-submarine warfare capabilities in the Mediterranean. Israel has staged joint training with American special anti-terrorist forces. The U.S. Marine Corps has conducted extensive exercises in Israel during the past three years. Israel has also provided access to bombing ranges in the Negev desert for training exercises for U.S. Navy fighter pilots.

* Israel provides facilities for the storage and maintenance of U.S. military material for American or Israeli use in a crisis situation. In October 1989, an agreement was reached to preposition $100 million worth of dual-use military supplies in Israel. The stockpile was authorized to be increased by $200 million this autumn.

* Israel has shared with the United States the lessons of its combat experience in past wars, where the IDF successfully used American equipment against Soviet weapons on land and in the air. This exchange of intelligence assisted our armed forces against Iraq and continues to be a fundamental aspect of strategic cooperation.

Strategic cooperation benefits both parties. America's strategic position in the Middle East and the Mediterranean has been greatly enhanced by the relationship with Israel, serving to restrain and deter conflict in the region. Israel's strategic value will increase in coming years, as defense ties continue to grow between our two nations.

Diplomatic and Economic Cooperation

Israel's role as an ally of the United States, however, goes well beyond the confines of military cooperation in the Middle East.

At the United Nations, Israel in 1990 voted with the United States on 88.2 percent of the General Assembly resolutions introduced in the 45th session, the highest rate of cooperation of any country in the world, higher even than Great Britain's or Canada's. This contrasts with 36.4 percent for Turkey, and 41.7 percent for Greece--America's NATO allies in the eastern Mediterranean. It also contrasts with 15.7 percent for Kuwait, 16.3 percent for Egypt, 16.7 percent for Saudi Arabia, and 14.8 percent for Jordan--and the Soviet Union's 16.7 percent record.

In the information arena, Israel agreed several years ago to an American request to proceed with plans to install a Voice of America transmitter in the Negev desert to enhance American broadcasts to Soviet Central Asia, Afghanistan, and Eastern Europe--even at the risk of adversely affecting the situation of Soviet Jews. By contrast, two of America's NATO allies, Greece and Turkey, refused to host the VOA

transmitter because of their unwillingness to endanger their relations with Moscow. Reportedly, Oman also turned down an American request.

The United States has a vital interest in Israel's economic well-being for several reasons. First, the economic health of our major allies and fellow democracies is inherently important to the United States, because in the most profound sense, the free nations stand or fall together. Second, the economy of Israel is the bedrock of the nation's ability to sustain its own defense, and for this reason Israel's economic health is essential to the stability of the region. Under Secretary of State for Economic Affairs Richard McCormack put it this way: "It is clear that a country that has the high defense expenditures Israel is forced to maintain needs economic assistance to maintain its position." Dr. Herbert Stein, former Chairman of the Council of Economic Advisors, adds: "Hostile neighbors should be left in no doubt about the strength and stability of Israel's economy." And third, it is an important U.S. interest to ensure that Israel continue on the path of economic growth and self-reliance. This is something we can do, and for our own interest, must do. Israel and the U.S. have worked long and hard to establish one of the highest levels of economic cooperation.

American exports face protectionist trade barriers around the world. Even our closest allies refuse to eliminate unfair trade practices, and indeed are erecting new barriers to American products. In a report released recently by the Administration, Japan was cited as the top offender in erecting barriers to trade. The European Community has also been described as increasingly protectionist. GATT talks are in jeopardy. In this negative environment, the U.S. can rely on its strong trade relations with Israel. The historic U.S.-Israel Free Trade Agreement continues its phased implementation. A major step was taken in 1989, when Israel eliminated a host of tariffs in order to put American goods on equal footing with those from Europe. Also, last year Israel unilaterally eliminated the tariff on imported homes (mobile, modular and pre-fabricated) from the U.S. This provides U.S. companies a competitive advantage in the Israeli housing market. Indeed, most of the imported housing comes from the United States. Two-way trade has increased by more than 40% since the inception of the agreement in 1985. The success of this unprecedented agreement paved the way for a similar agreement between the United States and Canada, possibly leading to a North American free trade area including Mexico.

The increase in trade between the United States and Israel means more sales, profits and jobs for American business. In fact, Israel is second only to Canada in terms of per-capita imports of U.S. products. Among Middle Eastern countries, Israel is first in per-capita imports and second to Saudi Arabia in overall imports. Total trade between the United States and Israel in 1990 was $6.51 billion (Israel had a surplus of only $110 million). The United States' trade deficit with Arab countries totalled more than $6.6 billion last year.

Along with increases in trade over the years, there is much cooperation in research and development between the United States and Israel. In 1977, the U.S. and Israel established the Bi-National Research and Development (BIRD) Foundation. The total endowment for BIRD is $110 million (each country providing equal resources). BIRD is completely self-sufficient, operating off the interest of the endowment and royalties paid from successful projects. BIRD provides grants to joint U.S.-Israeli research teams in the high-tech field. Grants are paid back, with interest not to exceed one and a half times the original value of the grant, only if profits are shown from the R&D project. In 1990, $3.2 million were collected in royalties and this figure continues to grow. Since its inception, BIRD has funded about 300 high-tech joint R&D projects. Products developed from these ventures have netted sales of about $1 billion in each country. Total tax revenue collected by the U.S. to date, as a direct result of BIRD funded projects, has been about $200 million.

In addition to BIRD, there is also the Bi-National Agricultural Research and Development (BARD) Foundation and the Bi-National Science Foundation, both of which have similar success stories of enhancing the U.S.-Israel relationship through economic cooperation.

Israel and the United States also cooperated in the bold initiative to rescue Israel's economy from the severe distress it was suffering just a short while ago.

Over the past five years, Israel has demonstrated how U.S. foreign assistance, in combination with strong and well-conceived corrective measures in the economy, can turn economic distress into an opportunity for recovery. Israel's recovery program has included some of the toughest austerity measures ever imposed by a democracy. The Congress, the people, and the President of the United States were partners in this process, because a critical ingredient has been U.S. economic assistance. U.S. aid was the decisive safety net required to undertake such a bold initiative. In 1989, the Wall Street Journal called Israel's stabilization program a "mini-miracle."

Capital market reform is now progressing at an unprecedented pace. Israel continues to move down the long road of privatizing government-owned companies. In 1988 the Israeli government asked a major U.S. financial institution, the First Boston Corporation, to develop a strategy to achieve this goal. In 1989, the government began executing the prescribed approach. It sold off the Paz Oil Company, and the Jerusalem Economic Corporation. Many other government owned companies may soon be put on the

block as well, including Israel Chemicals and Bezek, the national telephone company. Also, Israel will soon liquidate government shares in the nation's major banks.

All of these measures are bold steps, as they all entail some disruption in the economy. Israel has long embraced the concept of full employment. Yet today unemployment is over 9 percent. By addressing the economy's underlying problems rather than taking more expedient, short-term steps, Israel has demonstrated its willingness to sustain short-term discomfort for the sake of long-term gain.

In March 1989, the International Monetary Fund issued an authoritative report confirming Israel's success in stabilizing its economy:

> We are impressed with your success in restraining military spending and in reducing subsidies....We are particularly impressed with the most recent national wage agreement which called for no increase in basic wages at all this year....The central problem is to get investment moving again....The focus of discussion has accordingly shifted from economic stabilization to growth....The pressure to do better yet should be unrelenting.

The present state of the Israeli economy

There are clear signs that the Israeli economy is at the start of an era of accelerated growth. In 1990, after two years of recession, the Gross Domestic Product (GDP) grew by 4.6% as opposed to an annual growth rate of 1.2% for 1988 and 1989. One of the reasons for this progress is the continued growth of exports: in 1990, net exports were up 9% in dollar terms. Equally important, however, was the increase in domestic demand: food products, clothing, housing and all of the other needs of the 250,000 new Soviet immigrants who arrived in 1989 and 1990.

The new immigrants who are now reaching Israel may not yet be part of its productive economy, but they quickly join the consuming public. This factor immediately exerts a significant influence on the market. It has already led to a large volume of expansion in the construction and various manufacturing industries. Building starts in 1990 were up approximately 50% over 1989. The demand in the housing sector is so strong, that the Ministry of Housing is in the process of importing thousands of pre-fabricated, modular and mobile homes, mainly from the U.S.

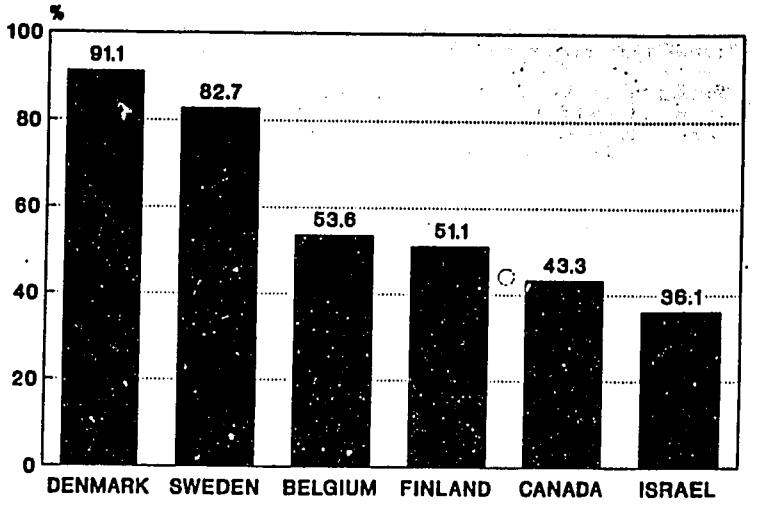
Two main economic measures used to determine a country's economic strength and ability to pay back foreign debt are foreign debt as a percentage of GDP & GNP (gross domestic and national product). The first measure shows foreign debt is not too great a burden on the economy, and foreign debt as a percentage of exports show a country's ability to earn foreign exchange for debt repayment. In both of these categories Israel is already very strong relative to other countries (see charts 1 & 2) and is further improving (see charts 3 & 4).

Israel's current foreign debt situation is very favorable. External debt is 40% of GDP, down from nearly 80% in 1985. With an estimated additional $20 billion in foreign debt over the next five to seven years, Israel's foreign debt will still be easily serviced. Increases in exports and overall increases in the GDP will more than compensate for the additional annual foreign debt payments.

The challenge for the United States, and for this Subcommittee, as we look to the year ahead, is to continue support, and to take steps that are necessary to reinforce, and indeed accelerate, growth in the Israeli economy. The resources available to Israel have declined over the past five years. U.S. aid totaling $3 billion per year has not been adjusted for inflation since 1986, so that by 1992 there will have been a loss of purchasing power of more than 30 percent. Indeed the entire $650 million emergency package, passed by the House and Senate, still leaves total aid to Israel over $900 million less, cumulatively, than it would have been if the $3 billion had merely been adjusted for inflation over the past six years (see chart 5).

CHART 1.

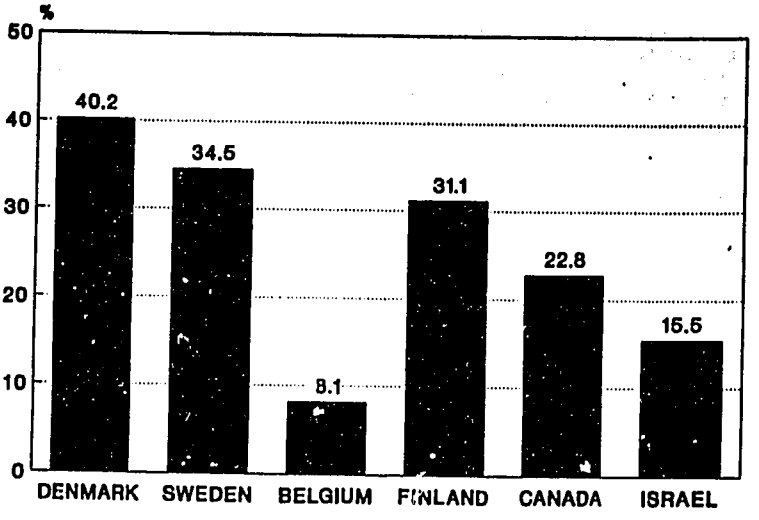
FOREIGN DEBT TO GDP RATIOS
(1990 figures)



Sources: Bank of America, Bank of Israel

CHART 2

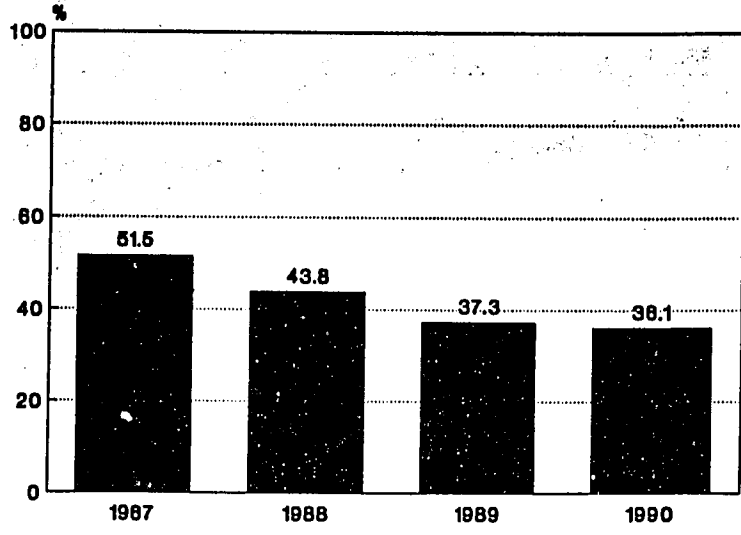
ANNUAL FOREIGN DEBT PAYMENT TO EXPORTS
(1990 figures)



Sources: Bank of America, Bank of Israel

CHART 3.

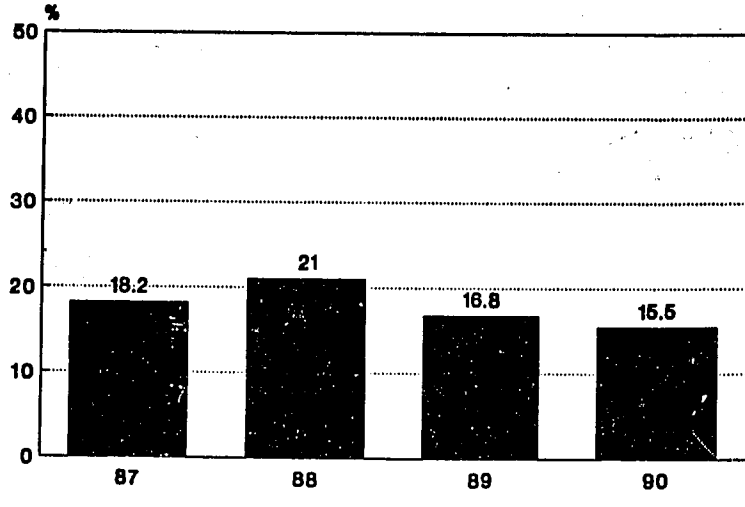
ISRAEL'S FOREIGN DEBT TO GDP RATIO



Source: Bank of Israel

CHART 4.

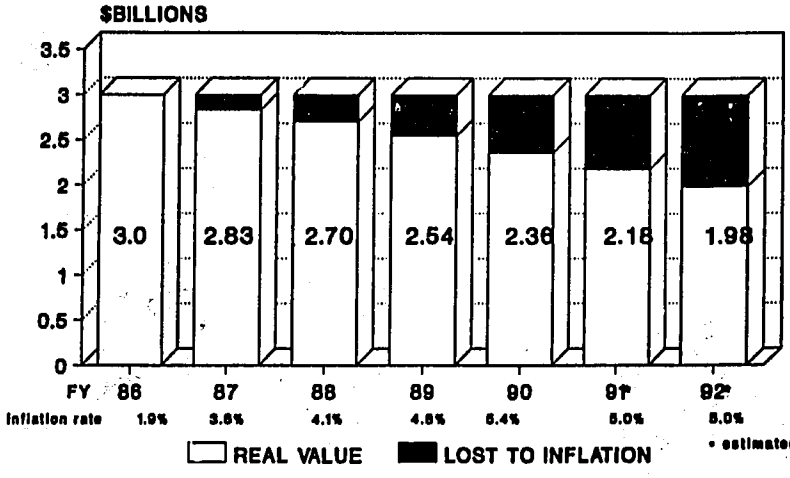
ISRAEL'S ANNUAL FOREIGN DEBT PAYMENT TO EXPORTS



Source: Bank of Israel

CHART 3.

INFLATIONARY EROSION OF U.S. AID TO ISRAEL



CUMULATIVE LOSS TO INFLATION FROM 1986 TO 1992 = $3.4BN

Inflation rate source: U.S. Department of Commerce

Immigrant Absorption

The events in Eastern Europe have turned out to be a boon for Israel. The restoration of diplomatic relations with the East European nations, among other areas, bolsters Israel's confidence. In recent months, Israeli ministers have visited most of these countries and signed a variety of trade and cultural agreements. Soon after its foreign minister visited Israel, Hungary re-established diplomatic relations. And Czechoslovakia, Poland, and Bulgaria have followed. Most remarkably, East Germany accepted a share of the responsibility for the Holocaust and agreed to disburse reparations to its victims; after reunification, the government of unified Germany assumed that responsibility. A number of commercial agreements have also been signed with the Soviet Union and consular ties instituted, but the Soviet Union has yet to establish full diplomatic relations.

Immigrants are not only coming from the Soviet Union. Israel expects 10-12,000 Romanians to make "aliyah"--to immigrate to Israel--this year. About 500 Hungarian Jews, double the previous number, are also anticipated. Because of the economic problems in Latin America, another 3,000-3,500 Jews from that region are expected to emigrate.

On May 23, Israel executed a brilliantly planned operation to rescue nearly 15,000 Ethiopian Jews, airlifting over 3,000 families from Addis Ababa to Israel within 30 hours. This heroic airlift was made possible through U.S.-Israeli cooperation. As Prime Minister Shamir stated, "This operation could not have taken place without the full, devoted help of the United States." The cost of the airlift was estimated at $7 million, and an estimated $100 million will be needed to cover the costs of resettling the Ethiopians over the next year.

Israel will be absorbing an estimated one million immigrants over the next 3-5 years, mainly from the Soviet Union. This is an unprecedented challenge, equivalent to the United States absorbing the entire population of France. In the last week of May, 19,000 immigrants arrived in the country--the largest weekly total in Israel's history. Israel has received a great blessing as well as an enormous challenge. Socially, politically and culturally, the new immigrants will have little trouble adjusting to their new home. The greatest challenge lies in their economic absorption. In the short run, the burden on the economy will be great. In the long run, this massive immigration will indeed be the most prominent factor accelerating economic growth in Israel for many years to come.

The cost of absorption of these new immigrants will be great. Israel will have to expand its infrastructure to accommodate its rapidly growing population. Large investments will be needed in housing, transportation, education, job training, job creation, and many other areas in order to handle an estimated 20 percent population increase. Over the next five years, Israel will have to devote a staggering $50 billion toward the absorption of the new immigrants.

At best, domestic Israeli resources can cover half of this cost. The remaining amount will have to come from abroad.

The real power of Israel's economy lies in its future potential. The United States, whose economy expanded dramatically after each wave of immigration, has never had one of this magnitude, nor has any other country. Israel's economy has also expanded with every wave of immigration.

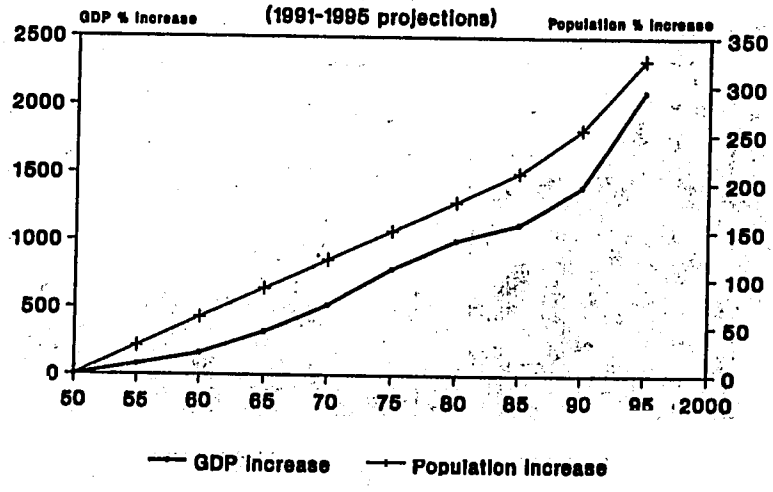
The levels of educational and technical skill of the immigrants far exceed those of Israel's existing population, which already are among the highest in the world. Over 40 percent of all Soviet immigrants hold at least one university degree. More than 25 percent of those degrees are in engineering and architecture.

As a percentage of population, there are approximately seven times more the number of scientists, engineers, and doctors among the immigrants than there are in the existing Israeli population. In the last 18 months, 4,000 research scientists with doctorates and more than 20,000 engineers have immigrated to Israel. Additionally, 6,000 physicians have arrived, adding 50 percent to the number of existing physicians. This will lead to a significant increase in the productivity of the business sector, especially in the high-tech, research and development and other export-oriented industries, if the proper levels of investment are made.

Since the establishment of the State of Israel, there has always been immigration. Past waves of immigration have had extremely positive effects on economic growth. There is a strong positive correlation between increases in population and economic growth. As population grows, so does the economy (see chart 6). The current wave of immigration leads to a need for large amounts of foreign investment. Only by borrowing from her friends to finance the economic expansion will Israel be able to meet this great challenge.

CHART 6.

Economic Growth due to Population Increase



Source: Bank of Israel

Loan guarantees from the United States can play a vital role in the absorption of the Soviet immigrants. By guaranteeing loans to Israel, the United States can provide a great deal of assistance with almost no cost to the American taxpayer. At this juncture, let me thank you, Senator Leahy and Senator Kasten and members of this Subcommittee, for the crucial role you have played in securing the $400 million in housing loan guarantees for Soviet immigrant absorption.

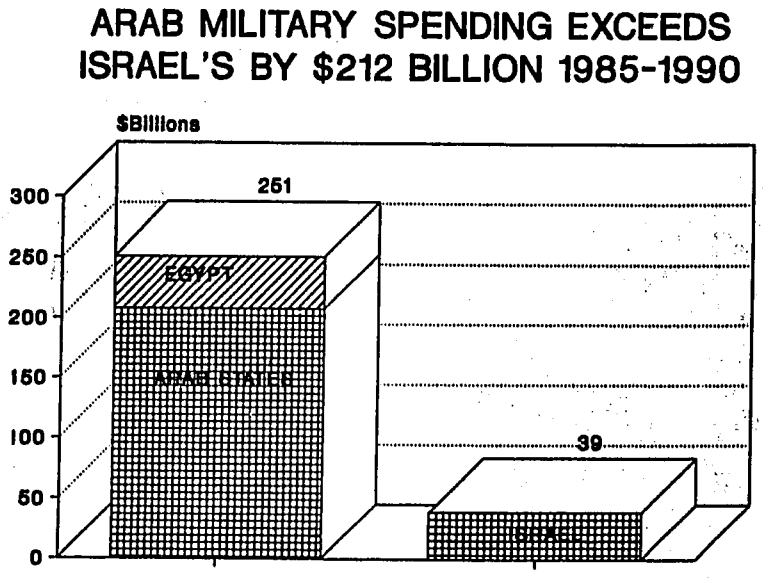
Guaranteed loans can be made on more favorable terms than conventional loans, not only by providing lower interest rates, but also--and more importantly--longer repayment schedules. The benefits to the Israeli economy will be realized over a period of ten or more years--after the immigrants have fully integrated into the work forces and society. By conventional methods of financing, Israel would be forced to take high-interest loans, with maturities of five to seven years. While such loan terms may be suitable for corporate investment, they defeat the very nature of immigrant absorption. It makes no sense to force Israel to repay back its huge new debt within seven years or less--a period too short to realize returns on the "investment" in absorption. Such a requirement would undermine Israel's efforts to achieve long-term economic growth--the prerequisite of successful absorption. Israel has an impeccable record of paying back its foreign debt. This, combined with the present state of the Israeli economy and the effect immigration will have, should leave no doubt as to Israel's ability to repay additional loans.

Many throughout the world have applied pressure on the Soviet Union to allow the Jews there the right to immigrate to Israel. The United States has played the lead role in winning the freedom for these new immigrants. America must not squander the victory of Soviet Jewish immigration. The United States should remain committed to the well-being of the hundreds of thousands new immigrants, helping Israel to absorb them into their new nation so that they may become forces for strength and peace.

Maintaining Israel's Vital Qualitative Edge

United States assistance to Israel has a critical impact on the security of the Jewish state. While Israel will benefit in the short term from the reduction in Iraq's military capability, its vital margin of security nevertheless continues to erode. This results largely from the severe financial and budgetary shortfalls faced by the GOI for a number of years. Indeed, the effects of recent years' defense budget cuts will continue to be felt well into the 1990s. Defense expenditures in coming years will continue to be cut back and the Israel Defense Forces are facing the choice of cancelling important projects or stretching them out over extended periods, thus driving up their ultimate cost (see chart 7).

CHART 7.



Source: ACDA WMEAT, IISS MB, JCSS MEMB

The austerity measures cut Israel's defense spending by about 20 percent in a two-year period--one of the largest reductions ever imposed by a democracy in so brief a timespan. While Israeli military planners have attempted to make the cuts without eroding Israel's narrow margin of safety, reductions of this magnitude have, inevitably, added to the element of risk in many areas.

The IDF is now in the process of revising its multi-year budgetary and procurement plans in light of the continuing financial crunch, exacerbated by the costs associated with the Persian Gulf war. Israel has estimated these extra costs at roughly $910 million. Among the options the Israeli military is being forced to consider are a further reduction in the size of the IDF, including retiring professional soldiers and dismissing civilian staff, cutting back on the number of annual days for reserve duty, reducing investment in day-to-day security within Israel and the territories, cancelling R&D projects, and disbanding various commands within the IDF.

In recent years, active combat units have been disbanded, reduced in size, or converted into reserve formations. Large numbers of vital aircraft have been mothballed. This has decreased the number and size of army brigades and air force squadrons available to meet a surprise attack, weakening the basis on which Israel's security has rested since the conclusion of the 1973 Yom Kippur War. This means a serious decline in Israel's visible deterrent capability as well as a decline in its war-fighting ability.

The impact of past reductions in training time is still being felt, and has been made worse by the demands of dealing with the intifada. The expenditure of ammunition in training is still curtailed. There have been serious cuts in the number of flying hours allowed aircraft pilots. Israeli pilots now are able to fly fewer training hours than their American or even Jordanian counterparts. In terms of actual funds, it is estimated that it costs the Israeli Defense Forces $970 per hour to operate a Merkava tank engine, $2,687 per hour to operate a missile boat and $13,708 per hour to fly an F-15 fighter.

Reserve readiness has been cut. For several years the number of reserve days served by Israeli soldiers has been reduced. Because of the amount of time both regular and reserve troops spend in riot control duties in the territories they have less time to train for their primary mission of conventional defense. As a result, reserve units will continue to be less prepared for conventional warfare than they were in the past.

Thousands of active duty military personnel have been released from the IDF. Pay cuts and personnel releases have produced an exodus of highly trained and motivated professionals. In time, the influx of skilled Soviet immigrants will help lessen this trend, but these factors threaten to undermine a key aspect of Israel's military superiority--its large qualitative advantage in personnel.

Ammunition and equipment stockpiles have suffered deep cuts in order to lessen the impact of reductions in other areas. These stocks had to be replenished on an emergency basis last year when it appeared Israel might be drawn into the war with Iraq.

Many programs, such as continued acquisition of new Merkava III tanks, helicopters, and naval vessels have been delayed but are finally moving forward this year. Delivery of AH-64 Apache attack helicopters was accelerated and all units have now arrived in Israel. Emergency procurement of Patriot missile batteries has been accelerated.

As relayed in past years, expenditures on defense research and development continue to be curtailed. This has diminished Israel's ability to develop and produce the unique new weapons and countermeasures needed to counter increasingly sophisticated weapons entering Arab arsenals. This in turn reduces Israel's qualitative advantage over its opponents. Within the past several years, Israeli defense industries were forced to reduce their staffs and plant facilities and thus are less able to support Israel's military needs.

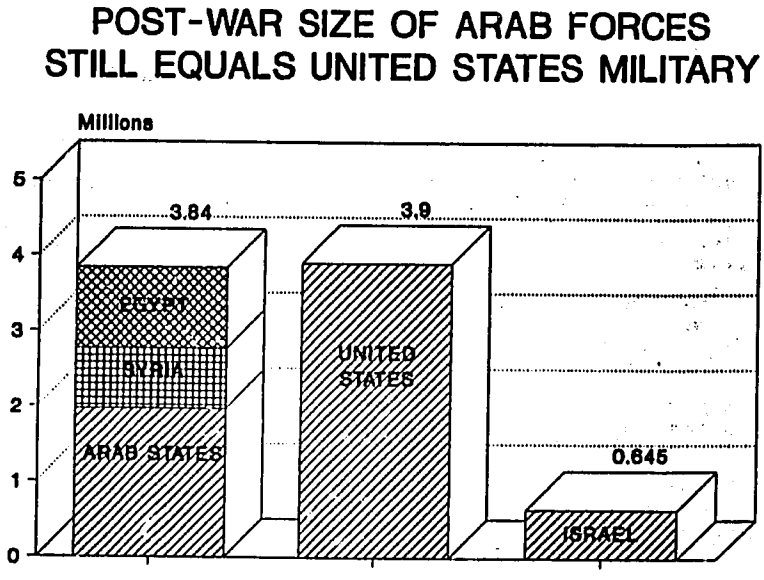
These ongoing reductions in Israel's defense resources continue to make American FMF aid to Israel a vital component of that nation's ability to defend itself and thus maintain stability in the region. In particular, this assistance will help to further upgrade Israel's air force--whose margin of superiority over its adversaries remains the cornerstone of Israel's security doctrine--particularly through the acquisition of additional fighter aircraft. We specifically wish to thank this Subcommittee and the Congress for earmarking funds for procurement of defense items in Israel. Permitting "offshore procurement" of this type helps ease the crisis faced by Israel's defense industry. It also becomes important to continue other Congressionally-mandated programs such as early disbursal of FMF funds, allowing Israel to obtain equipment from U.S. stocks, from excess defense articles, and other ways of helping Israel maintain its eroding qualitative edge.

Overall, Israel continues to face long-term reductions in the size of its military forces. What is lost in quantity must be made up in the qualitative enhancements provided through the development and use of advanced technologies.

The Arab Military Buildup

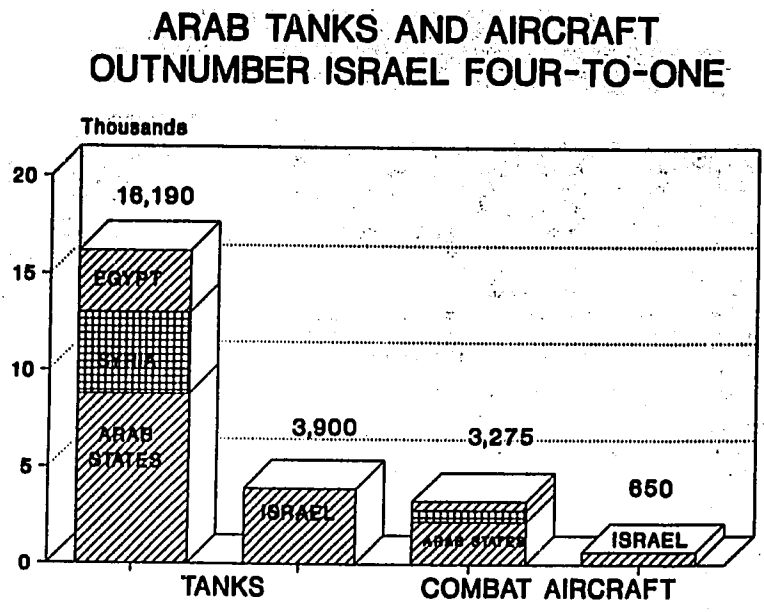
While the military defeat of Iraq has removed a tremendous threat from the region and should reduce the need for new arms sales to the Middle East, the opposite is occurring in the wake of the Gulf conflict. The Arab world appears on the verge of another arms-buying spree, funded largely by new oil revenues. Israel's enemies continue to purchase more and newer weapons to add to their arsenals. They have placed orders for billions of dollars worth of new weapons each year, and have tens of billions of dollars more still in the pipeline from past years. Since 1973, the leading Arab nations still at war with Israel have spent about $450 billion on their armed forces. The combined size of the Arab states' armed forces dwarfs that of Israel (see chart 8). U.S. arms sales in the region are on the increase again. Arab nations at war with Israel are continuing to spend approximately $30 billion annually on their military forces. Even after the destruction of much Iraqi hardware, Arab states now outnumber Israel four-to-one in tanks and almost four-to-one in aircraft (see chart 9). Many of the largest arms-importing countries in the world are Arab nations in a state of war with Israel: Iraq, Saudi Arabia, Libya and Syria.

CHART 8.



Source: Military Balance, M.E. Mil. Bal.

CHART 9.



Source: IISS MB, JCSS MEMB

Syria continues its quest for "strategic parity" with Israel. The Assad regime fields armed forces totalling over 400,000 men, with another 400,000 troops in reserve. Syria's arsenal includes over 4,000 modern tanks and some 600 sophisticated combat aircraft. Syrian ballistic missiles can carry chemical weapons, including nerve gas, which the Syrians are manufacturing and stockpiling.

The Syrians have received a tremendous financial boost from the Gulf states since the beginning of the Gulf crisis, totalling about $2.2 billion. Japan has also pledged financial assistance. Much of this can be expected to be spent on new modern weaponry. Already, Syria has taken delivery of 24 extended-range SCUD-C missiles from North Korea. Additional tanks and combat aircraft have been purchased from the cash-starved USSR and Eastern European states. Several months ago, the Syrian Defense Minister visited Moscow to seek new arms. New surface-to-surface missiles including the M-9 and M-11 are also being sought from China.

Syria has increased the number of divisions in its army, now totalling nine, including a division of commando units. They studied carefully the fighting in Lebanon and have incorporated lessons from that campaign into their doctrine and training. Over half of Syria's tank divisions are composed of Soviet T-72s, which have been significantly modernized since they were first encountered by the IDF in June 1982. Syria's artillery numbers 2,300 guns compared with 1,100 for Israel.

Like Iraq, Syria has received some of the most advanced Soviet combat aircraft, including the MiG-29 fighter and Su-24 strike bomber, increasing the danger of Syrian penetration into Israeli airspace.

The Syrians operate Soviet-built SS-21 tactical ballistic missiles. These missiles are much more accurate and dangerous than the earlier Soviet-built Frog and Scud tactical missiles in the Syrian armory. The accuracy of these weapons increase Syria's "first-strike" attack capabilities against key Israeli installations including air bases and mobilization points. This coincides with a major effort by Syria to build up its chemical warfare capabilities. Two factories are currently producing a variety of nerve gas agents which can be deployed as warheads on Syria's ballistic missiles.

In Iraq, Saddam Hussein's thirst for power and conquest engulfed the entire region in bloody warfare, and Israel was one of his prime targets. Iraq still remains a long-term concern for Israel's security. Iraq sent forces to fight Israel in three previous wars, and has more than tripled the size of its armed forces since 1980. Iraq has purchased some $50 billion in modern arms from both east and west.

Saddam Hussein still has some 2,000 tanks and perhaps 400-500 combat aircraft, the best of which were diverted to Iran, from which they may eventually return. Much of Iraq's chemical arsenal and some mobile ballistic missile launchers have survived the conflict intact. The disposition of Iraqi nuclear materials is still unclear.

Jordan has modernized its armed forces in recent years, and mobilized them all along its western border with Israel during the Gulf conflict. The Jordanians have built up their inventories of modern arms, and now boast one of the Arab world's most modern and qualitatively superior ground forces. King Hussein threw his lot in with the Iraqis, showing he was prepared to go to war with Israel again.

Libya, despite its massive arsenal of Soviet-supplied weaponry, has until recently had only limited capability to directly attack Israel. Qaddafi has now acquired the capacity for aerial refuelling, giving Libyan bombers the means to reach Israel. It is building a second chemical weapons plant. Qaddafi has vowed to turn Israel into a "graveyard for Jews." U.S. intelligence has recently discovered the construction of a second Libyan chemical plant being built underground, in addition to the now-operational Rabta facility.

Saudi Arabia continues to order weapons on a grand scale, leading the Arab states in military expenditures. Agreements since June totalled almost $14 billion. Saudi Arabia has purchased roughly $40 billion in weapons and military construction from the U.S. in the last ten years, including sophisticated AWACS, advanced missile systems, F-15 fighter aircraft.

U.S. arms sales to Saudi Arabia in 1990 surpassed all previous years by a wide margin. This autumn, the United States may propose a massive series of post-war multi-billion dollar arms sales to Saudi Arabia, on top of $15 billion worth of U.S. hardware already purchased by Riyadh in the last year. Taken together, this would be the single largest arms sale in U.S. history! Included are likely to be new F-15 fighters, AWACS, Multiple Rocket Launchers, M-1A2 tanks, Apache helicopters, Maverick missiles and large quantities of Patriot missiles. This list is virtually identical to the administration's now-famous "Phase II" Saudi proposal last year, which was delayed until after a resolution of the Gulf crisis. That package was drawn up with the assumption that the Iraqis would continue to pose a threat to the Saudis after withdrawing from Kuwait with their arsenal intact. Yet now Saudi Arabia is seeking to buy the same quantity of weaponry from the United States when the primary threat to the Kingdom's security has declined.

In addition, the U.S. Defense Department is planning to preposition large amounts of its own military equipment in the Gulf in case it must rapidly reintroduce forces into the region in the future. This reduces the need to simultaneously provide Saudi Arabia with the means to substantially expand its own military capabilities. America's demonstrated willingness to commit its own troops to Saudi Arabia's defense constitutes the ultimate deterrence to any future threat from Iraq or elsewhere.

While Saudi Arabia has not traditionally been thought of as a major player in past Arab aggressions against Israel, the massive expansion and modernization of its military during the past 15 years has given Riyadh the potential to play an important supporting role in a future conflict. The very fact that this capability now exists will bring pressure from other Arab states to join in a military coalition aimed at Israel. The Saudi armed forces gained confidence and experience during Operation Desert Storm, making them an even more formidable potential threat for Israel to consider in its planning.

Mr. Chairman, the Arabs purchase these arms from dozens of different nations around the globe. Our country has been a major supplier, selling billions of dollars of military goods and services to avowed enemies of Israel. American sales of new weapon systems to hostile Arab nations have had a particularly profound impact on the military balance between Israel and those states because American technology is often superior to that of competing weapons. These sales have significantly raised the cost to Israel of maintaining its own defenses, exacerbating the strain on Israel's economy, and barring any changes in American policy, will continue to do so in the future. Now is the time, together with the other major conventional arms suppliers--Great Britain, France, the USSR, and China--to limit further arms exports to the region. President Bush's recent arms control initiative suggests a first step in this direction, but even stronger efforts are necessary to curb the regional arms race.

Overall, what we have is a pattern of an accelerated Arab buildup while Israel substantially cuts its forces. Israel's qualitative military superiority must be maintained. Yet the effort to sustain this qualitative edge adds to the burden on the Israeli economy, further worsening the quantitative gap in the Arab states' favor. It is incumbent upon us to make sure that Israel can cope with this and the many other daunting challenges it has to face.

Mr. Chairman, we are all proud of Israel's achievements, but realistically it is impossible to have this combination of trends without a diminution of its security. Israel's margin of safety is, inevitably, reduced by the austerity measures it has been forced to take in past years.

Today, I come before you to ask that you take the very serious security risks facing Israel into account when you consider the level of aid to Israel for FY 1992. What this Subcommittee does will

have a direct impact on Israel's security, in a situation where there is much less room for error. Moreover, any reduction in aid will send the wrong signal to Israel's enemies.

Let me sum up, Mr. Chairman, the conclusions of my testimony. Our aid to Israel has been a wise investment, because Israel is our one democratic friend and most reliable ally in a critical region of the world. But this year aid to Israel is particularly important for three reasons.

The first is to prevent any further erosion in Israel's narrow margin of security in a situation where its forces have been cut while those of its adversaries--despite Desert Storm--continue their rapid growth. Moreover, in this era of concern over allied burden-sharing, it is important to remember that while we devote roughly $170 billion to the defense of NATO, whose members spend an average of only five percent of the GDP on defense, Israel spends almost 25 percent of its GDP on defense.

The second reason aid is particularly important again this year is to stay the course on the economic recovery and growth program on which Israel has embarked. This is no time to reduce our effort.

Another reason aid is crucial this year is to help enable Israel to meet the challenge of absorbing hundreds of thousands of new immigrants, mostly from the Soviet Union.

Last, but not least, Mr. Chairman, aid is an important tool to advance the peace process. Israel must feel confident of American support and commitment as it takes risks for peace.

Israel is aware, however, of America's budget constraints and thus has not increased its basic aid request over the past four years. Indeed, in 1986, the Government of Israel, acting as a responsible partner in the foreign aid process, returned $51.6 million in ESF funds to the U.S. Treasury despite the economic pressures it was facing.

Mr. Chairman, I thank you for the strong friendship you, this Subcommittee, and the Congress, have demonstrated toward Israel, and for the opportunity you have provided me to explain the importance of FY 1992 aid to Israel and to America.

STATEMENT OF ROBERT O. FREEDMAN, JEWISH PEACE LOBBY

Senator DECONCINI. Dr. Freedman.

Dr. FREEDMAN. Thank you, Mr. Chairman. My name is Robert Freedman. I am professor of political science and dean of graduate studies and a specialist in Middle East politics at Baltimore Hebrew University.

I am here to testify on the issue of Israeli settlement building on the West Bank and Gaza Strip, and I represent the Jewish Peace Lobby.

Our lobby believes in two main principles: That Israel has the right to peace and security; and the Palestinian people have a right to self-determination.

The current impasse in the Middle East peace process, we feel, is caused by a combination of three things. On the one hand, Syria's ostentatious maintenance of the economic embargo against Israel and its acquisition of SCUD missiles from North Korea reinforces in the mind of many Israelis that Syria is not genuinely interested in peace.

Similarly, the increasing numbers of Palestinians stabbing Israelis with knives yelling the Islamic slogan, Allah Akbar, God is great, reinforces a view held by many Israelis that if given the chance Arabs would destroy Israel.

On the other hand however, the fact that virtually every time Secretary of State Baker visited the Middle East on his recent quest for peace, Israel ostentatiously set up another settlement and that both Housing Minister Sharon and Prime Minister Shamir have asserted that there is no connection between the building of settlements on the West Bank and Gaza on the one hand and the Middle East peace process on the other, displays in our view a woe-

ful ignorance of the dynamics of the Middle East because Arab leaders see every new Israeli settlement as evidence that Israel is not serious about the peace process.

Indeed, every new settlement in the occupied territories which Israel constructs is another nail in the coffin of the Middle East process. Currently, Israel has about 100,000 settlers on the West Bank and 4,300 in Gaza. It is planning a huge new settlement program of approximately 15,000 new housing units on the West Bank and 13,000 housing units in Gaza.

Under the circumstances, how can Shamir and Sharon get away with building these settlements in the face of hostility, not only from the Secretary of State, but also the President of the United States?

In our view, Shamir feels that the Likud government has enough clout in Congress to both build these settlements and get the housing guarantees necessary to finance the construction of the housing which is so necessary for almost 1 million Jewish emigrants who are expected to come from the Soviet Union.

We, as the Jewish Peace Lobby, feel strongly that the U.S. Congress should go on record telling Mr. Shamir that Israel cannot expect additional economic assistance so long as it continues to build settlements on the West Bank and Gaza.

We would like to make a specific proposal that the President be authorized to establish a trust fund for the Israeli people, placing in it, economic assistance, funds from the United States equivalent to the amount that Israel is spending on settlements.

In the trust fund then, Senator, the amount of money that Israel spends directly and indirectly would be placed in this trust fund. When Israel enacts a settlement freeze, it would then receive the money plus interest.

Our proposal is not an anti-Israel measure, Mr. Chairman. But we feel a pro-peace measure and would send the necessary signal to the Shamir Government that it is necessary, if they want to settle the Soviet Jews and develop Israel's economy, they must stop settlements on the West Bank and Gaza.

I ask that a fact sheet and two articles on this subject be placed in the record.

Thank you very much.

Senator DECONCINI. Thank you, Dr. Freedman.

[The information follows:]

AT A GLANCE: ISRAELI SETTLEMENT IN THE OCCUPIED TERRITORIES

OVERVIEW

Government Policy.—The June 1990 policy guidelines of the Shamir government declare that "settlement in all parts of the Land of Israel is a right" and that the government will "strengthen, broaden and develop [settlement]."

Current Settlement.—Over 200,000 settlers currently live in the areas Israel has occupied since 1967, 90,000 of them in the West Bank. Jews currently make up about 13 percent of the overall population of the territories.

1990 Growth.—During 1990, the settler population in the West Bank grew by about 9 to 10,000, at an annual rate of 10 percent.

Planned Expansion.—The Likud Government plans to build 13,000 new housing units in the West Bank over the next two years, according to Housing Minister Ariel Sharon, thereby increasing the Jewish settler population by well over 50,000. This project will cost over $750 million.

EXPENDITURES IN THE WEST BANK

The State Department reports that it can identify $82.5 million in 1990 Israeli expenditures for settlement in the territories. But it also notes that "there is additional funding which may be attributed to settlements . . . that cannot be identified from available Israeli budget documentation."

Israeli peace movement sources report that nearly $600 million is spent per year by various Israeli ministries in the occupied territories, including nearly $500 million by the Housing Ministry alone.

Direct Government Subsidies: While Israel offers financial incentives to people who move to small towns away from the large cities in the country's center, the government grants larger subsidies to settlers moving to the West Bank. These include: Land sold for 5 percent of its assessed value, direct financial subsidies of between $9,750 and $21,600, mortgages free of interest for 65 percent of the loan's value, free water, sewage and other municipal services, higher education expenditures per pupil than inside Israel, and reduction of income taxes.

Israeli families caught in the housing crunch, even those ideologically opposed to settlement in the occupied territories, are thus encouraged to settle in the West Bank to receive government subsidies.

THE HOUSING LOAN GUARANTEE AGREEMENT

The October 1990 agreement between Israel and the U.S. specifies:

That Israel will not use the $400 million in housing loans guaranteed by the U.S. outside of its pre-1967 boundaries. Administration and U.S. intelligence officials report, however, that it is extremely difficult to certify that U.S. money is not being spent in the occupied territories.

That Israel will not "direct or settle Soviet Jews beyond the Green Line". Israel interprets this to mean that it will not actively direct Soviet emigres to the territories, but that it will allow them to settle there if they wish, and even encourage such settlement via financial incentives.

That Israel will not provide "special incentives" for Soviet Jews living in the West Bank. But the Israeli government gives excellent incentives to all settlers who move to the West Bank, including the Soviet immigrants, though it does not give "special" incentives to settlers because they are Soviet Jews.

SOVIET JEWISH IMMIGRATION

The massive influx of over 200,000 Soviet Jews to Israel in 1990 has created a severe housing shortage and a sharp rise in rents, and has forced as many as 1,500 Israelis to live in tents. In response to the shortage, many Israelis have chosen to seek cheaper, subsidized housing in the West Bank.

The Housing Ministry plans to house more than 10,000 Soviet immigrants in the occupied territories. The official report shows that 7,100 new mobile and permanent homes are planned in the West Bank for new immigrants under its "Project Immigration," while 2,000 more homes are planned for East Jerusalem, and 1,100 for the Golan Heights.

Soviet Jewish immigration to the West Bank (about 3,000 new settlers) represents about 20 percent of the 1990 growth there. 5,830 Soviets moved to East Jerusalem in 1990, and approximately 4 percent of all 1990 Soviet immigrants moved across the Green Line.

Sources: State Dept. report on settlement activity, 3/21/91;"Report on Israeli Settlement in the Occupied Territories," Foundation for Middle East Peace, January 1991; Peace Now press release, 3/25/91; "West Bank's Garden Views and Special Loans Are Luring Jewish Settlers," *New York Times*, 3/4/90; text of letter from David Levy to James Baker, 10/2/90; "Sharon Bares Plan to Step Up Housing in Areas," *Mideast Mirror*, 3/22/91.

[From the Washington Jewish Week, June 13, 1991]

SETTLEMENTS INCREASE—REPORT REVEALS WEST BANK GROWTH

(By David Landau)

JERUSALEM.—Some 104,000 Jewish settlers will be living in the West Bank by the end of this year, a 13.5 percent increase over the end of last year according to a report just released by the West Bank Data Project.

The estimate does not include East Jerusalem, which Israel annexed in 1967.

The number of Jewish settlers in the Gaza Strip is expected to total 4,200 by year's end.

The West Bank Data Project is a Jerusalem-based research program headed by Meron Benvenisti, a former deputy mayor of Jerusalem, and Yehuda Litani. Both are leading Israeli experts on the administered territories and the Palestinians.

Their report notes that the rate of growth among settlers slowed down during the first two years of the intifada, 1988 and 1989, but has since regained momentum. It is "expected to reach an all-time record in 1992," the report says.

The figures corroborate a point made recently by Housing Minister Ariel Sharon of Likud. He said that Jewish settlements underwent dramatic growth from 1984 to 1986, the two years when Laborite Shimon Peres was prime minister, even though the Labor Party is officially opposed to settlement expansion.

The paradox is attributable to the fact that Peres headed a national unity government in which Labor made concessions to Likud on settlement policy.

The West Bank Data Project differentiates between "ideologically motivated" settlements, the number of which is growing relatively slowly, and settlements in "metropolitan areas," which are increasing rapidly and where about 85 percent of the settlers live.

Ideological settlements are defined as those built in the Samaria region of the West Bank and in the Hebron hills mainly by the Gush Emunim, militant Orthodox Jews who believe they have a divine right to the territory.

The metropolitan settlements are those within a 30-minute drive from the center of Jerusalem or 45 minutes from central Tel Aviv.

The report concludes that the settlers are mostly young, middle-class Israelis fleeing the congested cities in search of a suburban environment of one-family homes with gardens.

"The attraction created by proximity to existing centers of employment and recreation, low land values, better climatic conditions, high standards of services and mainly financial incentives will ensure that settlement activity in the Jerusalem and Tel Aviv catchment areas is determined by the supply of housing, not by lack of demand," the report says.

About 3,000 housing units are under construction within commuting distance of Jerusalem and 3,800 in proximity to Tel Aviv, out of 22,000 new housing units completed in the West Bank at the end of 1990.

"If the construction program is fully implemented, the housing stock by the end of 1995 will reach approximately 35,000 units, a growth of almost 40 percent in five years," the report says.

Estimates are that the total capital outlay in the West Bank during the two decades since the area was retaken from Jordan in 1967 at $3 billion.

Between 1988 and 1990, investment averaged $200 million annually, and it is expected to rise to $360 million annually from 1990 to 1995, the report says.

The report also gives details of financial incentives offered to settlers. "The average mortgage in a development town is one-third lower than in a West Bank settlement," but "a West Bank apartment is 25 to 30 percent cheaper than in Israel."

Following is a breakdown, by year, of the Jewish population of the West Bank: 1976—3,176; 1977—5,023; 1978—7,361; 1979—10,000; 1980—12,424; 1981—16,119; 1982—21,000; 1983—27,500; 1984—44,146; 1985—52,960; 1986—N.A.; 1987—67,000; 1988—72,000; 1989—78,500; 1990—91,650; 1991 (est.)—104,000.

[From the Los Angeles Times, June 18, 1990]

GAIN U.S. LEVERAGE ON THE SETTLEMENTS

(By Jerome M. Segal)

One year ago, Secretary of State James A. Baker III called on the Israeli government to "lay aside the vision of Greater Israel, stop settlement activity and reach out to the Palestinians as neighbors who deserve political rights." The Bush Administration pressed the Shamir government to put forward a peace initiative and embraced the plan that emerged. Baker sought to lead Prime Minister Yitzhak Shamir into a process that would develop a life of its own and ultimately result in Israeli withdrawal from the West Bank and Gaza.

Shamir, a lifelong advocate of Greater Israel, has proved too agile. His new government, no longer saddled with a Labor partnership, has directly challenged the United States with a pledge to "strengthen, expand and develop" settlements in the West Bank and Gaza. It is against this policy that the United States must define its relationship to the new reality in Israel.

The issue of settlements is not merely one of many issues. It is the issue. It goes to the absolute core of the Israeli-Palestinian conflict: Who will ultimately possess the land? The new Israeli government, which rejects the land-for-peace formula of United Nations Resolution 242, is squarely set on de facto annexation of the West Bank territory that Israel has occupied since the 1967 war. This is a formula for a wider conflict with disastrous potential.

What can the United States do?

Words will not be enough. The United States has long stated its opposition to settlements. The Carter Administration branded them illegal under international law. The Reagan Administration termed them an "obstacle to peace." And the Bush Administration has consistently called on Israel to halt settlement activity. None of this has ever made much impression.

A few months ago, when Israel was seeking $400 million in housing loan guarantees, Baker announced that Administration support would require a settlement freeze. This linkage was a major departure. But the Administration quickly retreated when it became obvious that Congress would balk.

The President is well aware of the centrality of the settlement issue; for him, the question is one of political costs and benefits. The White House cannot win in Congress on any linkage of settlement to aid unless the President is willing to wage a major campaign. If this means fighting a unified American Jewish community, the President will not do it. There was not a major Jewish organization in the country that supported Baker's effort to link settlements to aid.

In discussing this issue on Capitol Hill, it is clear that privately there is widespread sympathy for a toughter position but absolutely no willingness to take on the political firestorm that such a battle would entail. The truth is, it couldn't be won. There are no forces in American politics that could prevail against the united opposition of American Jewish organizations on the issue of aid. The irony is that most American Jews do not favor the settlements; rather, they fear that linking settlements to aid might snowball into a broad erosion of America's basic commitment to Israel.

To move forward, what is needed is a way of taking a forceful stand on settlements that is not—and will not be seen as—anti-Israel.

The President should seek from Congress the authority to establish an Israeli trust fund—an account held in trust for the people of Israel—and to put into it the appropriated moneys that are equivalent to what Israel spends on the expansion of settlements. This would include both direct expenditures and hidden subsidies. The effort would not be to cut aid to Israel, but rather to set some aid aside until such time as the country adopts a permanent freeze on settlement expansion.

The President might also be authorized to make disbursements from the trust fund to support the scores of dedicated Israeli organizations outside the government that promote human rights, democratic values and Arab-Israeli communication.

There is no guarantee, of course, that even this measure would produce the desired impact, but it would be a major step forward in establishing American credibility in the eyes of both Israelis and Palestinians.

As it cannot happen without at least some support from the American Jewish community, the emerging question with respect to future American policy is: To what extent will American Jews distinguish support for Israel from support for the policies of the Shamir government?

Jerome M. Segal is president of the Washington-based Jewish Peace Lobby. A research scholar at the University of Maryland, he is the author of "Creating the Palestinian State: A Strategy for Peace" (Lawrence Hill, 1989).

STATEMENT OF FREDERIC P. HERTER, PRESIDENT, AMERICAN UNIVERSITY OF BEIRUT

Senator DECONCINI. Mr. Herter from the American University, Beirut.

Dr. HERTER. Mr. Chairman, thank you for this opportunity of expressing my opinions about the university which I think is a critically important American resource in the Middle East.

We are in our 125th year. Despite the turbulent history of Lebanon, the Ottoman rule, two world wars, the Israeli incursion, and numerous violent disputes among the various sects, the university has survived and has carried out its educational program, uninterruptably, during this 125 years.

One might ask, Why this is so? The first reason is that the Lebanese, I think, covet education as much as they do life, and there is always a demand for good education, and I would have to say that I firmly believe AUB provides the best and most comprehensive educational program in the entire Arab Middle East.

Second, AUB has always had the full support of all divergent groups. The reason for this is that it has a totally open door policy. It takes all comers who want to learn and it has no political or confessional bias. It encourages diversity, new ideas, new people.

In fact, I think it is the only institution in the Arab Middle East today where people from all beliefs and all political convictions can come and sit and discuss their problems. In other words, it is the ideal place if you will, to foster intercultural understanding between East and West.

Third, university hospital has played an extraordinarily important humanitarian role. I would only tell you that in 1989 and 1990, we cared for over 21,000 casualties of the civil war.

Fourth, we have, I think, the full support of the region. This has been a traditional support and it has led to innumerable AUB-sponsored programs in various fields throughout that area.

We have 650 new applicants from outside Lebanon this year, conditions being what they are in Beirut today, which is encouraging, and many of our graduates who have left during the past 16 years have settled in the gulf and now hold positions of, I think, quite remarkable responsibility in all fields. It is a living presence of AUB in the region.

These improving conditions have allowed us to not only improve, if you will, the quality of our faculty, which has been weakened by the past civil war, and the restoration of some of the war damage on campus, but it has enabled us also to take part in some of the problems that are emerging in the Middle East and in Lebanon itself.

I would mention only a handful of these. Last week, we held a conference attended by 500, including many members of the Lebanese Government and various international agencies, including the World Bank, on the problems of reconstruction in Lebanon.

AUB in the past year has joined with MIT in a collaboration of research programs directed to specific needs in Lebanon. This will be expanded to the entire region.

We have a number of ongoing programs in the gulf. We have been asked to guide a group of independent entrepreneurs in Dubai who are setting up a new open university to guide them in the curricula structure of their new university.

We have an active program in business and in family medicine in Bahrain. We have conducted a survey of health problems in Jordan. We now have the first nursing program in the Emirates and we have instituted the first program in conflict resolution in the Middle East.

This year, we received $2.5 million from ASHA fund, the lowest amount in the past 10 years; $1 million from the Lebanon Humanitarian Assistance Fund, against our need of $7 million. Our projected needs for the next year would be at least as great.

The Lebanese economy has lagged behind the political improvements, and our work, humanitarian work, is as yet uncompensated by the government.

We need your help in three ways. We would ask that you include in the language of your bill a strong imperative, directing AID and the Department of State to work with Congress and AUB to develop a long range and stable source of funding for the university.

Second, we request the committee's support, to assure that AUB will be able to meet its financial obligations during fiscal year 1992 before such a long-range funding plan can be implemented.

PREPARED STATEMENT

This could come from a combination of ASHA funds, the Lebanese Humanitarian Aid account, and the Education and Human Resources Development account.

Third, we would ask that you support an increase in the ASHA fund this next year to $45 million.

Senator DECONCINI. Thank you, Mr. Herter.

Thank you, gentlemen. I have no questions. Pleased to have you here, your testimony was very helpful. Thank you.

[The statement follows:]

STATEMENT OF DR. FREDERIC P. HERTER

Mr. Chairman and members of the Committee, I am grateful for this opportunity to speak to you about the American University of Beirut. Now in its 125th year of operation, AUB maintains its dedication to providing a high-quality, American style education in the Middle East. We are constantly adapting AUB's mission to its changing world, and I hope you will agree that what we are doing deserves your continued support. In a moment I will tell you more about our plans for a Center for Environmental Studies; our commitment to foster a deeper understanding in the West of Islam and Arab culture; and the central role we intend to play in the reconstruction of Lebanon. But first I would like to thank you for your past support, which has been crucial to the university's survival.

I want to make special mention of the War Victims Fund, for which you have provided the essential leadership, Mr. Chairman. Last year in your committee's report you encouraged AID to consider Lebanon for inclusion in this program. As a result the agency has very favorably reviewed a comprehensive proposal for prosthetic and orthotic rehabilitative services that was jointly developed by AUB and the World Rehabilitation Fund. AUB's specific responsibility under this program would be the development of a two-year technical degree program to train professionals in this field. As with all of AUB's educational activities, this program would significantly extend the availability of this type of health care not only in Lebanon, but throughout the region.

Our proposal to AID has been developed in coordination with and enjoys the endorsement of other charitable organizations operating in Lebanon, such as Catholic Relief Services. We are, needless to say, anxious to move ahead to implement the program, and if you continue to share our desire to see this happen, we would appreciate the committee's expression of interest to AID. Although ample funds seem to be available, certain procedural considerations in the agency's contracting process have raised the possibility that there might be as much as a year's delay in proceeding.

AUB: A Bridge for Understanding

For a century and a quarter, a proud procession of faculty, graduates, staff and friends of AUB has made the university into what many have called the most successful venture ever launched in international education. Contrasting worlds have found common ground in AUB's commitment to free intellectual inquiry and its open door to all applicants, regardless of nationality, gender, or religion. The United States Government has for many years recognized the university as a valuable intellectual and cultural bridge between the peoples of the Near East and the West.

AUB is more than just one more university; it is the main American intellectual presence in the region. Students avidly seek the quality education which it provides, while the nations of the Arab World look to it not only for expertise and advice, but also as a model of what higher education should be. This regional respect for and influence of AUB is an invaluable asset to the United States.

The Faculty of AUB

Preserving the high quality of the AUB faculty has frankly been more difficult than maintaining that of the student body. Although the university has initiated innovative recruitment programs and teaching arrangements, the problem of retaining well-qualified professors is primarily a financial one. To assure that AUB will have an American-trained faculty, the university has instituted a program to fund advanced education in the United States for outstanding new graduates who agree to return to AUB to teach.

In addition, AUB has established a series of block courses that are taught by expatriate Lebanese faculty members who return to Beirut for a few weeks at a time by taking leave from their current university posts in the United States. These "visiting scholars" add depth to the AUB faculty while simultaneously strengthening bonds between AUB and U.S. institutions. However, these faculty recruitment programs and teaching arrangements cannot fully compensate for the economic hardships the university is experiencing as a result of the conflict that has so long surrounded it. I shall return to this subject in a moment.

AUB's Regional Character and Role

The American University of Beirut continues to be recognized as the Middle East's premier regional educational institution. AUB's renowned expertise is well recognized by neighboring countries that call on AUB to assist in developmental projects with their national universities and ministries of health, education, agriculture, commerce and planning.

Through AUB's Office of Research, External Programs, and Planning, the university directs regional consulting teams composed of our faculty members, all of whom are very much aware of the pragmatic needs of the world beyond academia. I would like to mention some of the projects in which AUB has participated:

- In a region-wide initiative by American medical leaders, AUB has been asked to act as a principal organizer of a comprehensive program in child care for the Middle East.

- At the request of the World Bank, the Faculty of Health Sciences prepared a study of health manpower needs in Jordan.

- In Bahrain, AUB assisted in implementing new degree programs in engineering and business management at two universities, and in conjunction with government ministries, we developed programs in the practice of family medicine and teacher training.

- The university contributed to the establishment and management of the College of Health Sciences and Nursing in the United Arab Emirates.

- In Saudi Arabia, AUB worked on a range of programs for the Ministry of Agriculture and Water Resources and provided technical assistance to a number of Saudi agricultural development and medical service companies. The university cooperated with the U.S. Department of Agriculture on these projects in Saudi Arabia.

New Initiatives

As the political environment in Lebanon continues to stabilize, the university is preparing to play a leading role in reconstruction efforts. This is best typified by AUB's recent leadership as co-host (with the Lebanese government) of a three-day conference to determine the country's reconstruction priorities. The World Bank was just one of the many organizations that participated.

The university is also involved in a multi-year collaborative research project with MIT, also directed at reconstruction efforts. This extensive project involves infrastructure development, urban and community planning, water resources, administrative rehabilitation, and technological assistance to industry and health sciences. As political conditions allow, this collaboration can be extended to help meet the vast reconstruction requirements in neighboring countries such as Kuwait, Iraq, and Iran.

Another important undertaking at AUB is the academic center in Cyprus, where "extension programs" are offered in different fields of study. Examples include the health sciences, English language (ESL), and conflict resolution (AUB is the first university in the Arab world to undertake education, research, and training in conflict resolution). The Cyprus center is facilitating the return of American and other Western academics and professionals to the learning, teaching and research processes of the university. The international interactions which take place there for students and professors alike contribute to scholarly research and the exchange of information across national borders, furthering understanding in a region of turmoil.

U.S. Government Assistance

Traditionally, the principal source of funding from the U.S. Government to AUB has been the American Schools and Hospitals Abroad (ASHA) program. However, funding of the ASHA program and AUB's proportion of the funds have steadily declined in recent years. For instance, whereas ASHA funding of AUB in 1988 was $6.5 million, it has declined to $2.5 million for this year.

As the ASHA program becomes less able to assist with AUB's important work, we ask your help in two ways. First, we hope that you will include strong language in the your bill directing AID and the Department of State to work with AUB and the Congress to develop a long-range and stable source of funding for the university. Such a sustained funding source would enable AUB to

revitalize and extend its operations both in Lebanon and region-wide in a way that will further fundamental American principles.

Second, we request the committee's support to assure that AUB will be able to meet its financial obligations during FY 1992, before a long-range funding plan could go into effect. We respectfully suggest that this funding could come from a combination of sources, such as the ASHA program, the Lebanese Humanitarian Aid Account, and the Education and Human Resources Development Account. The economy in Lebanon is still not strong enough to sustain AUB, much less allow it to expand and prosper. As a consequence, we now anticipate a deficit of approximately $8 million in academic year 1991-1992. We hope that you will consider bill language to mandate this level of support to the university in FY 1992.

Why AUB Is A Good Investment

I know that some of you are already convinced of the need to locate a new funding source for AUB, as several of you sent a letter to Secretary of State Baker urging him to provide additional financial assistance for FY 1991. To those of you who are asking yourselves if a source of sustainable assistance for a university operating in Lebanon today is a good investment, I address the following points to you. We believe the investment is still a sound one, for these reasons:

1) AUB's stabilizing role amidst the political and economic turmoil within Lebanon cannot be overestimated. The university's critical function as a unifying and humanitarian force in Lebanon has made it a beacon of hope. AUB has and will continue to provide valuable leadership in guiding the country toward a lasting peace.

2) As the United States seeks to introduce democracy to the Arab world, AUB serves as a catalyst for a brighter future. As a free university in a part of the world where democracy has only begun to grow, AUB's precepts of tolerance and freedom of inquiry and expression have made it unique among the educational institutions of the region. Democratization will come to the region only through an extended effort in education.

3) AUB continues to seek new ways to serve Lebanon and the region in general. Two new initiatives in particular are worth special mention:

- A Center for Intercultural Exchange -- As misperceptions abound between the Middle Eastern and Western worlds, this Center will provide a unique intellectual, cultural and linguistic bridge to foster understanding between different cultures. Westerners will achieve a better understanding of Islam and the Arab culture. Conversely, the Arab community will be exposed to the best of what America has to offer: the values of freedom of thought and tolerance.

- A Center for Environmental Studies -- This center would represent the first of its kind in the Middle East. We envision it as drawing together expertise in the health sciences, demography, and engineering, among others, to respond to the critical need for the more effective design of solutions for problems in primary and preventive health care; for understanding and coping with population explosion and migration within the region; and for dealing with the pressures of urban congestion, water and air pollution, and other global environmental concerns.

Now is the time to ensure that AUB is prepared for a future that is coming very fast. We must take immediate steps to restore the economic underpinnings that will allow the university to proceed with the mission AUB has had since its inception. That mission is to build a society -- not just in Lebanon, but region-wide -- that is committed to openness, tolerance, and democracy.

We submit that the United States has a definite interest in assisting a university that actively demonstrates its commitment to equality and tolerance and serves as a beacon of hope to the entire Middle East. And although it may be difficult and at times frustrating, it is nonetheless imperative to continue financial support in pursuit of these goals. We must remain cognizant of the fact that peace and stability will be best brought to the Middle East through firmness of purpose in this nation's commitment to its deepest values. AUB is the unmistakable symbol of those high ideals for the people of the Middle East.

STATEMENT OF RANDALL ROBINSON, EXECUTIVE DIRECTOR, TRANSAFRICA

Senator DECONCINI. Our next panel will please come forward, consisting of Mr. Randall Robinson of TransAfrica; Mr. Abukari of the Rainbow Lobby; and Dr. Imad Hage, of the Council of American Lebanese Organizations.

If you would please come forward and be seated.

Mr. Robinson, please proceed.

Mr. ROBINSON. I will just make a few brief remarks in summary, Senator.

The thrust of my testimony is to urge that the Foreign Operations Subcommittee approve a rise in assistance to Africa of $1 billion, and that it reallocate much of Africa's foreign assistance to countries that have undertaken political reform toward democracy and substantial economic reform, and away from those countries that are still characterized very much as tyrannies in Africa.

We have on the African continent now a situation of great promise and a frightening dilemma. Africa has recently been swept by change. The overwhelming majority of countries have moved along toward democratization and substantial economic reform, but at the same time, Africa is threatened by an enormous economic crisis.

Africa is the only continent on which the consumption of food is exceeding increasingly the production of food and a maize gap of 15 tons in 1990 will in 30 years be a gap of 200 tons.

The poverty level of people in Africa will have, between 1985 and 1995, doubled from 210 million to 405 million people in poverty. At the same time, most of the countries have undertaken the reforms urged upon them by the Western powers.

The Western powers, however, have not supplied Africa with the assistance necessary for Africa to move ahead economically, and for that reason I urge that the subcommittee approve $1 billion of assistance to Africa and a raise to the SADCC countries from the current level to $75 million.

I am also very concerned about how we give the aid and how it is allocated. Let's look at two groups of countries. First, Botswana, Benin, and Namibia. Botswana is a 25-year-old democracy, stable, multiparty, free press, foreign reserves, but a country that needs to broaden its agricultural sector, that needs very much Western and American assistance.

Benin has just ended a 17-year dictatorship peacefully, in a democratic way, and accompanied by economic reforms. Namibia has put in place the most democratic constitution on the African continent, separation of powers; independent judiciary; all of those things that we associate with genuine democracy.

On the other hand, we have countries like Zaire where human rights abuse is rampant. Mr. Mobutu is perhaps the world's most successful kleptocrat, having established villas across Europe with American and other Western aid dollars, and also with the same potential economically of a country like Botswana, has in 20 years turned Zaire into the third lowest per capita income country on the African continent, joined by Malawi, where the president for life, a life so long, has subjected the country to an awful condition, and Kenya where democracy has been virtually abolished.

On the one hand, for the democracies the President has requested $36 million; on the other hand, for the tyrannies, we have requested $125 million. There is simply no excuse for this. The Soviets no longer pose any kind of threat to our interests in Africa. There is no longer any justification for our funding of Mr. Mobutu, President Banda, and Mr. Moi in Kenya and we can do more to support the struggling democracies that need our help.

So, I think, we need to raise the aid. We need to support SADCC. We need to cut out Kenya, Zaire, Malawi, and Mauritania, a country that has deported 50,000 black Mauritanians to Senegal, selling food assistance on the public market.

PREPARED STATEMENT

We need to cut out the small amount we give them, and we need to cut out military assistance to Africa altogether, because we see the results of that in Liberia and Somalia.

And so I hope that these remarks have been helpful. Thank you.

Senator DECONCINI. Thank you.

[The statement follows:]

STATEMENT OF RANDALL ROBINSON

Mr. Chairman, I appreciate the opportunity to testify before your Subcommittee on the crucial issues of funding for Africa. As you know, TransAfrica, an interest group dedicated to promoting more progressive American foreign policy toward Africa, has been quite vocal in its support of increased aid.

In my brief testimony this morning, I want to not only recommend an increase in Africa's development aid level to $1 billion in fiscal year 1992, but also to highlight the inconsistencies in American foreign policy toward the continent. U.S. foreign aid to Africa must be made contingent on respect for human rights and progress toward political and economic reform.

Africa is undergoing a whirlwind of political and economic change that predates and, in many respects, surpasses developments in Eastern Europe. Reform is a serious enterprise. It is imperative that the Congress and the Administration make a strong commitment to assisting the growth of freedom in Africa, and to helping African countries achieve and sustain the kind of economic progress necessary for the nurturing of a free society.

In the height of the Gulf crisis, President Bush asserted that the new world order would be based on the rule of law and protection of fundamental human rights. For some hard to comprehend reason, however, the United States seems to have decided that this need not apply to Africa.

There are no easy solutions. The beautiful and varied landscape of Africa reflects a complex variety of problems and opportunities which will require distinct responses from the United States. But we must also be aware of how the various economies and political systems in Africa interact and affect each other.

An obvious example is South Africa. South Africa's system of apartheid and its policies of regional destabilization harm not only the disenfranchised black majority in South Africa, but also the frontline states of Southern Africa.

Consistent foreign policy must include an increase in assistance for SADCC, the regional grouping that has made considerable progress toward infrastructural development and economic growth. SADCC deserves financial support increased to the amount of at least $75 million. But we must also do all that is within our power to eradicate apartheid. TransAfrica recently published a report which concluded that it is both premature and illegal to lift sanctions at this time. Continued violence in South Africa and delays in reaching a negotiated settlement will have disastrous consequences for the whole Southern African region. Increased aid to the frontline states and the pursuit of a nonracial democracy in South Africa go hand in hand.

For too many Americans, Africa raises images of swollen bellies and drought stricken lands. Famine and drought are indeed serious problems and I urge the committee to appropriate additional aid in emergency funds to enable the U.S. to do all that it can to prevent the devastation that is looming in Angola, Sudan, Liberia, Somalia and Ethiopia.

Since 1989, many African countries, often in response to popular pressures, are moving toward or have established multi-party systems. Other countries, where progress is not so marked, have nevertheless taken concrete steps to encourage popular participation and make governance less inflexible. These countries deserve our special financial support. Just as Poland and Hungary were able to garner over $900 million in emergency foreign aid, African countries that are democratizing also merit special

consideration well above the normal levels of aid allocations as circumstances dictate.

The outpouring of support, both moral and financial, that played such a pivotal role in the Eastern European upheavals has been markedly absent for Africa.

1991 should be a watershed year for America and democracy in Africa. We engaged in the Gulf War to avert the flagrant abuse of international law, and we should prove our consistency by supporting, through increased foreign aid, those countries that are moving progressively and courageously toward democratization.

Consider the cases of Namibia, Botswana and Benin, prime examples of African democracy.

Newly independent Namibia holds the promise and potential for democratic development in Africa. After a long struggle for independence, Namibia has instituted a multiparty democracy rooted in the rule of law and the practice of social justice. Their solid constitution guarantees a separation of powers, allows for freedom of speech and association, and protects fundamental human rights. Most notably, this constitution establishes an independent judiciary and limits a President to two terms of office.

The legacy of apartheid has left significant obstacles to Namibia's socio-political development and economic growth. New institutions and policies must be developed to address the issues of education, housing, food production, health care, infrastructure and unemployment. Substantial aid is needed here to restructure this nation and ensure its longevity as a democratic society.

In 1990, the U.S. initially responded with assistance of $500,000, and only later raised this amount--after intensive lobbying--to

the meager sum of $7.8 million. These figures look particularly paltry when placed against the 70% debt forgiveness recently declared for Poland.

Botswana has been a shining light of democracy in Africa since its independence in 1966. Protection of human rights and the structure of democratic institutions are guaranteed by the Constitution, making Botswana one of the most democratic nations on the continent. However, this multi-party state needs greater foreign assistance and investment to expand its production in agriculture and industry and to address a growing income disparity between rural and urban areas. Providing a mere $7 million to Botswana in development assistance is an indication of our lack of commitment to democracy and development for Africa.

There have been remarkable shifts towards multi-party democracy in Benin. A seventeen year dictatorship ended in 1990 without violence after a severe economic crisis motivated the call for political change. Benin's new Constitution limits a president to two terms and provided for last month's election of a new Parliament. While these political changes are encouraging, economic problems threaten their success. The shift from a state controlled economy to a free market system will not ease the economic crisis until privatization and diversification can succeed. Increased foreign assistance will help Benin survive this economic and political transition.

The U.S. has appropriated just under $30 million to these three democracies while appropriating over four times that amount to major perpetrators of human rights abuses, namely, Zaire, Kenya, Mauritania and Malawi. One justification for this is that these countries have undertaken economic reforms. But almost all of the countries in Africa, including the three democracies mentioned earlier, are in the process of structural reform. It is also

argued that these are old allies of the U.S. and should not be neglected now. This is an outdated argument; it is time to make new friends in Africa just like we did in Eastern Europe. With friends like these, our image in the world as the defender of human rights and democracy is fundamentally challenged. These governments and others like them should not receive U.S. foreign aid.

President Mobutu, while promising reform in one breath, has proceeded to harass and intimidate those who want to take advantage of the so-called reform. We must not be fooled by this wily behavior and should instead send a strong message that any reforms must be total and unconditional. The government of Zaire must be held up to intense scrutiny; we need to speak out, for example when only .5% of Zaire's current budget is earmarked for education.

Kenya's President Moi has been aggressive in his resistance to change. Prominent activists for human rights and democratic change have been jailed for months without charge or on dubious charges -- including the winner of the 1991 Golden Pen Award, Mr. Gitobu Imanyara. President Moi is indeed living up to his promise to critics that he would "hunt them down like rats." We fully support the conditions passed by the Congress last year and would suggest that they be maintained. Additionally, with corruption reaching alarming proportions in Kenya, we advise that any development assistance be channelled through proven non-governmental organizations. Only under these types of restrictions and others, will the Kenyan government be held accountable for its actions.

The United States has provided assistance to Mauritania for years to support what some thought was a moderate Arab ally. Mauritania's allegiance to Iraq during the Gulf War has surely undercut that relationship. More importantly, however, the U.S. has been providing aid to a nation which is currently deporting,

executing, and jailing its native black population. In the last two years over 50,000 black Mauritanians have been deported to Senegal, hundreds have completely disappeared from their villages, and many have reportedly been the victims of torture and summary executions. Although U.S. assistance was cut from $6 million in 1990 to $3.4 million in 1991, and U.S. funds are now reserved for humanitarian aid, the Mauritanian government's atrocities continue. For example, the Mauritanian government has reportedly prevented Blacks in their country from receiving the food aid that is sent from abroad, instead selling it on the open market. It is now time to send a firm, unmistakable message to the Mauritanian government that the United States will not continue to support this disregard for human rights. TransAfrica recommends that all such assistance be distributed through non-governmental organizations in Mauritania.

For many years, Malawi has been able to quietly avoid international attention to its very poor human rights record. This is true, despite the fact that there may be no other African country that suffers under such repressive authoritarian control. The United States has long supported a regime that not only has a President-for-Life, but a regime which has detained hundreds of critics--real and imaginary. I urge the Congress to suspend the $40 million allocated for development assistance last year, discontinue all military aid and at the very least place conditions on any additional funds.

Moreover, let us bear in mind the consequences of our unmitigated support for the dictatorial regimes in Liberia and Somalia. In the aftermath of the Gulf war and as we think about a new world order, let us get our priorities right. For example, the tragic situation in Liberia deserves further attention, not only in terms of relief aid but also with support for ECOWAS, who are valiantly attempting to keep the peace in the midst of an interminable conflict. Let us prove our commitment to the new world order based on the rule

of law and the protection of human rights in Africa as well as in the Middle East and Eastern Europe.

Mr. Chairman, it is TransAfrica's firm belief that $26 million in military assistance to Africa for FY91, particularly in the form of materials and arms, should cease immediately. The last several years have shown that these arms are hardly used for the defense of countries against outside aggressors. Indeed, it is significant that some of the latest and fiercest civil wars in Africa have occurred in countries to which we have provided military assistance--Liberia and Somalia. It is imperative that the U.S. not contribute to this death and destruction by providing such military aid.

Mr. Chairman, thank you for inviting me this morning to remark for the record on the proposals before us. I do hope that the United States as part of a new world order will begin to see the intrinsic value of enhanced long term development programs over the use of military aid. If the Persian Gulf War warrants the spending of up to $1 billion a day, surely the countries of Sub-Saharan Africa deserve to share a sum equal to that amount for a single fiscal year. Thank you.

STATEMENT OF MR. ABUKARI, LEGISLATIVE AIDE, RAINBOW LOBBY, INC.

Senator DECONCINI. Mr. Abukari.

Mr. ABUKARI. Thank you. We are pleased to be here to speak about the conditions in Zaire and to urge the subcommittee to once again restrict aid to Zaire, as we did last year, cutting off all military aid, channeling all economic assistance through nongovernmental organizations and also cutting off economic support funds.

Both the administration and some congressional advocates have suggested that the programs of democratic reforms announced last April 24 by President Mobutu were signs of fundamental change which justify the reinstatement of aid to the dictatorship.

However, the developments over the past year actually point to another conclusion: That Mobutu's promises of reform have been merely his latest strategy for maintaining power for as long as possible.

Since the beginning of this year, President Mobutu has increased his phony concessions to the opposition for the edification of the

international community, but he has also increased his repression of political activity.

While, theoretically, the Zairian people are free to organize political parties, attempts to do so peacefully have continued to be repressed brutally by the security forces. Most particularly, we look at Mobutu's elite DSP, the presidential guard.

The Zairian Human Rights League reported that on April 13 through 15, 42 people were killed and at least 28 people, including children, were wounded by gunfire in the course of government-provoked violence in Mbuji-Mayi. They cited undemocratic, intolerant, and irresponsible attitude of regional authorities toward legitimate political activity as the cause of the violence.

The league also held local authorities responsible for this year's violence in Lubumbashi. On April 13, one person was killed and dozens were wounded when soldiers opened fire on a rally called by UFERI, the party of Nguz a Karl-I-Bond.

While there has been a proliferation of free press in Kinshasa, acts of repression against the media in Zaire continue. For example, the former MPR leader, Bolamba Ngungu, who describes himself as Zaire's Hitler has formed a paramilitary terrorist gang called the Unconditional Mobutu Youth. In August, Bolumba and his gang ransacked the offices of the newspaper, Elima, whose editor-in-chief, Esso Linganga, had been severely critical of the Mobutu government.

This past April, Mr. Esso Linganga was arrested and detained for several weeks because he suggested in an editorial that Mobutu should resign.

Also in April, Mobutu took special precautions to preempt the programs of strikes, marches, and demonstrations that were planned for the month, in particular planned by the UDPS, the Union for Democracy and Social Progress, that was supposed to happen in Kinshasa.

According to the UDPS, Kinshasa was under a virtual stage of siege starting on April 22, with inhabitants blockaded in their neighborhoods, stores closed down, and only military vehicles on the streets.

On the morning of April 24, security forces stopped a UDPS march planned for that day before it could get underway. Even though that happened, 10,000 people attempted to assemble at the place of commerce. The police and the DSP used water cannons, tear guns, truncheons, and knives to disperse the crowd. At least one person, a pregnant woman, was killed and dozens others were wounded.

Last week on June 17, a march organized by the three major opposition parties in Kinshasa was once again violently attacked by Mobutu's security forces. Elements of the Civil Guard and the SARM fired into the crowd, wounding many. Two opposition leaders, Etienne Tshisekedi, who has been here to speak to Members of Congress, and Nguz a Karl-I-Bond, were arrested and detained briefly and other rally leaders were injured.

This climate of lawlessness and repression created by Mobutu's armed forces severely undermines attempts by Zairian democrats to carry out peaceful political organizing. Mobutu has resorted not

only to brute force, but to political manipulation and fraud of the most cynical kind.

He has attempted to singlehandedly set the agenda for the transition, continually promulgating and amending laws at his whim. He has also confused and complicated the fragile democratic process by funding dozens of mock opposition parties headed by his cronies.

In terms of the economy of Zaire, one of the things that is a real concern is Stefaan Marysse, a Belgian economist, is saying that the reason for Zaire's current hyperinflation is the unrestrained printing of zaires by the Central Bank to pay off civil servants and to fund pseudo-political parties set up by President Mobutu.

PREPARED STATEMENT

Just to end, once again, we would like to encourage the Senate to cut off all military aid to Zaire, to eliminate all economic support funds, and also to ensure that development assistance only goes through nongovernmental organizations.

Thank you.

Senator DECONCINI. Thank you very much.

[The statement follows:]

STATEMENT OF MR. ABUKARI

I am pleased to be here today to speak about conditions in Zaire, and to urge the Subcommittee to continue the restrictions on U.S. assistance to Zaire that were enacted in the last session for FY91. As you are aware, the FY91 Foreign Aid Appropriations Bill (H.R. 5114) eliminated military aid to Zaire and rechanneled economic assistance through private voluntary organizations. In our opinion, there is absolutely no basis for lifting these restrictions. This opinion is based on face-to-face conversations with democratic opposition figures, on studies of human rights violations documented by international organizations as well as by our own government, and on international press coverage of events in that country.

Both the Administration and some Congressional advocates have suggested that the program of democratic reforms announced last April 24 by Mobutu Sese Seko, the subsequent legalization of over 100 political parties, and the emergence of a free press critical of the regime, are signs of fundamental change which justify the reinstatement of aid to the dictatorship. However, the developments of the past year actually point to another conclusion: that Mobutu's promises of reform have been merely his latest strategy for maintaining power for as long as possible.

While theoretically the Zairean people are free to organize political parties, attempts to peacefully assemble for the purpose of doing so have been brutally attacked by the security forces, including Mobutu's elite presidential guard. the Division Presidentielle Speciale (DSP). In May, 1990, a number of students (reports have ranged from at least 50 to over 300) who had been demonstrating for democratic changes were brutally massacred at the University of Lubumbashi by government troops which some witnesses have identified as members of the DSP. In July, a rally of the National Congolese Movement/Lumumba (MNC/L) was attacked and its leaders arrested, beaten, and detained incommunicado for over a month. In April 1990, and again in November 1990, peaceful rallies by the Union for Democracy and Social Progress (UDPS) were physically attacked by security forces, who killed at least two and wounded several other activists.

The former head of the MPR (Mobutu's sole party), Bolamba Ngungu, who describes himself as "Zaire's Hitler", has formed a paramilitary terrorist gang called "Unconditional Mobutu Youth". In August, Bolamba and his gang ransacked the offices of the newspaper *Elima*, whose editor-in-chief has been severely critical of the Mobutu government. This same editor, Essolomwa Nkoy ea Linganga, was placed under arrest this past April.

In December, there was an assassination attempt against Joseph Ileo, leader of the Social Christian Democratic Party (PDSC) by a group of armed men. Also in December, security forces in Kinshasa and Matadi fired on people who were demonstrating against soaring food prices, killing at least six.

Since the beginning of this year, Mobutu has increased his phony "concessions" to the opposition for the edification of international opinion. He has also increased his repression of political activity. The Zairean League for Human Rights has reported 42 people killed, and at least 28 people, including children, wounded by gunfire in the course of government provoked violence in Mbuji-Mayi from April 13 to 15, 1991. They cited the "undemocratic, intolerant and irresponsible attitude" of regional authorities towards legitimate political activity as the cause of the violence. The League also held local authorities responsible for the April 13, 1991 violence in Lubumbashi. In that incident, according to Reuters, one person was killed and dozens were wounded when soldiers opened fire on a rally called by UFERI, the party of Nguz a Karl-I-Bond.

To all appearances, the Mobutu regime took special precautions to preempt the program of strikes, marches and demonstrations called for by the UDPS in Kinshasa during the month of April 1991. According to the UDPS, Kinshasa was under a "virtual state of siege" starting April 22, with inhabitants blockaded in their neighborhoods, stores closed down, and only military vehicles on the streets. The morning of April 24, according to Reuters, a massive show of force by security forces stopped the UDPS march planned for that day before it could get underway. Police using water cannon and tear gas, as well as elements of the *Division speciale presidentielle* and Civil Guard blocked the way to the UDPS's Limete headquarters, where the march was to begin.

In spite of the military presence, some 10,000 people assembled in the Place du Commerce, where they were dispersed with truncheons, knives and kicks. At least one person, a pregnant women, was killed in the military operation, and dozens wounded.

On June 17, 1991, according to the Belgian newspaper, *Le Soir*, a march organized by the three major opposition parties in Kinshasa was violently repressed by Mobutu's security forces. Elements of the Civil Guard and SARM fired into the crowd, wounding many. Two opposition leaders, Etienne Tshisekedi and Nguz a Karl-I-Bond, were arrested and briefly detained.

The climate of lawlessness and repression created by Mobutu's armed forces severely undermines attempts by Zairean democrats to carry out peaceful political organizing. Resumption of military aid to Mobutu would send the direst signal to these brave men and women who are risking their lives to bring democracy to Zaire.

To maintain his control over a population desperate to reject him, Mobutu has resorted not only to brute force, but to political manipulation and fraud of the most cynical kind. In his April 24 1990 announcement of "reform", Mobutu simultaneously proclaimed himself to be "above party politics . . . not subject to political or legislative control . . . the final arbiter . . . the ultimate defender of the nation . . ." In his capacity as "final arbiter", Mobutu has single-handedly set the agenda for the "transition", continually promulgating and amending laws at his whim. He has confused and complicated the fragile democratic process by funding dozens of small "mock opposition" parties headed up his cronies. In an attempt to buy the continued loyalties of government, regional and local officials, and traditional chiefs, Mobutu is distributing state funds at an accelerating rate. According to a Belgian economist, Stefaan Marysse, a major domestic cause of Zaire's current hyperinflation is the unrestrained printing of zaires by the Central Bank to pay off civil servants and fund the many pseudo-parties that have appeared since last April.

Having created these parties, Mobutu then "negotiates" with them at highly publicized summits to convey the illusion of a national dialogue on the transition

process. In his latest and perhaps final attempt to unilaterally control the democratization process, Mobutu "granted" permission for a National Conference on April 11, 1991. The major parties of the opposition have not only rejected this National Conference (because it lacks sovereignty) but also, adamantly deny that it is Mobutu's prerogative to convene such a conference. At this time, Mobutu's National Conference has been indefinitely postponed.

In the past, Congress has cited the rampant corruption of the Mobutu regime as reason who it did not deserve foreign aid. There is no evidence to believe that this corruption -- which has brought about the ruin of the Zairean economy, causing enormous suffering to the people -- has abated in the least. In the FY91 Foreign Aid Appropriations report, Congress noted that $400 million in foreign exchange earnings from Gecamines was reported by IMF and World Bank officials to be missing. (Gecamines is Zaire's state-owned mining company responsible for over half of Zaire's foreign exchange earnings.) It is widely known that Mobutu views Gecamines as his personal "slush fund", a practice which has had serious consequences for the Zairean economy again this year. According to a well-informed source, in 1990 Mobutu forced Gecamines to guarantee $200 million in foreign currency loans for presidential expenditures he later defaulted on. As a result of this plundering, Gecamines has been unable to buy needed supplies and equipment. Copper output, Zaire's chief export, fell by 20% in 1990 to a 20 year low.

If Congress grants the Administration's request for military aid to Mobutu, it will send a clear message to the world -- particularly the Third World -- that the "New World Order" is by no means one which holds democracy and human rights to be of paramount concern. It cannot be in the long-term interests of the American people to send such message.

Now is the time for the United States to respect the will of the Zairean people, and abandon our efforts to prop up a dictator whom they so resoundingly reject. In spite of all the difficulties that Mobutu has put in its path, the democracy movement is alive and growing in Zaire. People are overcoming their fear of reprisals, and are

turning out in record numbers to express themselves politically. On February 24, 1991, over one million people lined the road between the N'Djili airport and Kinshasa to welcome home the distinguished opposition leader Etienne Tshisekedi wa Mulumba. Civil service workers, teachers, medical workers, miners, university and secondary school students have participated in a continuous wave of nationwide strikes for the past year.

Your continued support for a cutoff of all military aid, and the channeling of development assistance through private voluntary organizations is more critical than ever in keeping the pressure on Mobutu to make way for democratic change in Zaire.

STATEMENT OF IMAD HAGE, COUNCIL OF LEBANESE AMERICAN ORGANIZATIONS

Senator DECONCINI. Dr. Hage, Council of Lebanese American Organizations.

Dr. HAGE. We thank you for allowing us to outline CLAO's concerns and suggestions for this committee.

In spite of our State Department's glossy assurances, the Lebanese people are not relieved and assured by the new government in place in Lebanon. Although the cosmetic changes are sufficient for the U.S. administration, the fact remains that this government was not chosen by the people but imposed by the Taef process, a series of sophisticated hand tricks.

The Hrawi government is only a facade and a charade of legitimacy that many nations, including our own United States, have invested a lot to perpetuate. The treaty of coordination and cooperation ratified between Syria and Lebanon in May 1991, makes it painfully clear that after methodically taking over Lebanon, Syria has now legitimatized its annexation of Lebanon's sovereignty, freedom, and future.

CLAO realizes that this committee's function is not to sort out or correct the very complicated politics of Lebanon, not the secret maneuvering of the United States, Syria, and Saudi Arabia in regard to Lebanon.

However, we request that you factor in this complexity when making decisions about Lebanon's needs. Even though some key national and international players assure the Congress that life is returning to normal in Lebanon, you must be aware that their agendas and their visions of the new world order do not include a functioning democracy that promotes the sovereignty and unity of Lebanon. These players have self-serving needs and plans for this small country.

CLAO strongly suggests that all appropriations by this committee to Lebanon be channeled through responsible, private assistance organizations already in place in Lebanon who can, and will, verify that this aid is actually received by the Lebanese people.

The International Red Cross, the Catholic Near East Welfare Association, and Save the Children are some groups that have worked

successfully in Lebanon. If you choose any other channel, especially the puppet government that is in place now, that is not different than the government imposed by Saddam Hussein on the Kuwaitis, repayment for political favors, coerced cooperation by the people, or the black market will be the determining criteria for the distribution of goods generously provided by the United States.

I would like to put in the record also that the Council of Lebanese American Organizations urges you to stop IMET funds for Lebanon which are destined for the training of Lebanese army officers in the United States. After reading the attached article which includes the text of the Syrian-imposed treaty on Lebanon, signed on May 22, 1991, one could easily conclude that training these officers is equivalent to our training Syrian military personnel, since this treaty amounts to a Syrian takeover of Lebanon.

By blocking the IMET funding, you will send a strong message that the United States cannot support and train a surrogate army for Syria, a dictatorship, terrorist, and drug-trafficking state.

PREPARED STATEMENT

We must not rely on the goodwill of Hafez Assad and his puppet regime in Lebanon to further human rights and American interests in that region.

We would appreciate your full support on this issue. Thank you.

Senator DECONCINI. Thank you very much.

[The statement follows:]

STATEMENT OF IMAD HAGE

The Council of Lebanese American Organizations (CLAO) is a federation of groups throughout the United States concerned about the Lebanon of today and the Lebanon of the future.

The constituency of each member group of the Council has its own unique contacts within the Lebanese American community and within Lebanon itself. This multi-leveled network allows CLAO to blend a variety of opinions and experiences when it considers important issues such as we are addressing today. In truth, because of CLAO's broad organizational/ membership base, which cuts across all socio-economic levels, CLAO's informational pool is much more expansive than most other organizations concerned about Lebanon.

Thank you for allowing us to outline CLAO's concerns and suggestions for this Committee.

In spite of our State Departments glossy assurances, the Lebanese people are not relieved and assured by the new government in place in Lebanon. Although the cosmetic changes are sufficient for the US Administration, the fact remains that this government was not chosen by the people. Because the Taef process was a series of sophisticated hand tricks, the Hrawi government is only a facade, a charade of legitimacy that many nations, including our own United States, have invested a lot to perpetuate. The "treaty of coordination and cooperation ratified between Syria and Lebanon in May of 1991 makes it painfully clear that Syria has methodically taken over Lebanon's land and now Syria is annexing Lebanon's sovereignty, freedom and future.

CLAO realizes that this Committee's function is not to sort out or correct the very complicated politics of Lebanon nor the secret maneuvering of the United States, Syria, Saudi Arabia and Israel in regard to Lebanon. However, we request that you factor in this complexity when making decisions about Lebanon's needs. Even though some key national and international players assure the Congress that life is returning to normal in Lebanon, you must be aware that their agendas and their vision of the "new world order" do not include a functioning democracy that protects the sovereignty and unity of Lebanon. These players have self-serving needs and plans for this small country.

What about the people of today in Lebanon? The truth is they don't trust the imposed government created by Taef. Why--because the Lebanese people never chose it! Their system had deteriorated years ago and Taef did not rebuild and reform; rather it used the ruins of a democratic system for its own ends. The so called elections were a bitter diplomatic charade and if you scratch the surface you find money, blind power and manipulation--not self determination by the people.

This being the ignored reality, CLAO strongly suggests that all appropriations by this Committee to Lebanon be channelled through responsible, private assistance organizations already in place in Lebanon who can and will verify that the aid is actually received by the Lebanese people. The International Red Cross, The Catholic Near East Welfare Association and Save The Children are some groups that have worked successfully in Lebanon. By carefully choosing the nonprofit groups, the Committee can be assured that all geographical, religious and political constituencies will receive help. NEED should be the criteria for the distribution of aid. If you choose any other channel, especially the puppet government in place today, repayment for political favors, coerced cooperation by the people or the black market will be

the determining criteria for the distribution of goods generously provided by the United States.

CLAO realizes that this Committees task is very specific. We have outlined the above dilemma because you have the opportunity to respond to the needs of the Lebanese people and not be used as a pawn for Middle East/ State Department manipulations. CLAO understands that the ongoing conflict in and around Lebanon is complex, confusing and even wearying to many. However, having the Middle East powers use your territory to fight their battles further victimizes an already exhausted and depleted population.

Food, medical and educational assistance are more essential than ever. As a Committee you are aware that the inflation rate in Lebanon has skyrocketed; often over 1000 Lebanese pounds to one US dollar. The average salary equals $75.00 US dollars IF you are able to get a job at all. The subsidies on bread, gasoline and sugar were recently removed by the "government". The infrastructure of the Country along with most industry and trade endeavors have been destroyed by the ongoing conflict, causing an astronomical unemployment rate in todays Lebanon. The school buildings along with the entire education process have suffered terrible damage. The Lebanese are known for their love of learning and the whole family will sacrifice so that the children can receive a good education. Today, it is in shambles. Lebanon's medical system, once the most sophisticated in the Middle East, has been destroyed. Medical equipment has been bombed or stolen. Ordinary medication is no longer available. Treatment for heart, kidney conditions, epilepsy and cancer is not available to the citizens.

Yes, the shooting has diminished but the citizens of Lebanon have neither freedom nor a decent standard of living. The United States has the ability to change both of these problems.

The Lebanese people are not anti-anyone. They are pro-survival. They have suffered for too long under foreign occupier armies, militias and other forces who do not belong in Lebanon. The vast majority of the Lebanese do not belong to any militia. The are ordinary people who want to earn a living, raise a family and live in peace. In truth, the Lebanese people are more that pro-survival; they are pro-democracy, pro-freedom, pro-independence. Values that Americans and American leaders should underatand.

It is the Council's recommendation that the Foreign Operations Subcommittee carefully review, evaluate and consequently, increase the aid package designated for Lebanon. Private voluntary organizations can do much to relieve the hunger and homelessness that used to be unknown in Lebanon. The people of Lebanon deserve much more-but at least this aid and assistance will allow the United States to begin to heal the wounds this country has suffered at the hands of the more powerful in our world.

Thank you for the opportunity to express our concerns and suggestions before this Committee. The Council of Lebanese American Organizations hopes that you will incorporate them into your decision making process. Thank you, again.

LETTER FROM DANIEL FERRIS, COUNCIL OF LEBANESE AMERICAN ORGANIZATIONS REPRESENTATIVE

June 11, 1991

Dear Senator,

The Council of Lebanese American Organizations (CLAO) urges you to stop the IMET funds for Lebanon which are destined for the training of Lebanese army officers in the U.S. After reading the attached articles which include the text of the Syrian imposed treaty on Lebanon, signed on May 22, 1991, one could easily conclude that training these officers is equivalent to our training Syrian military personnel, since this treaty amounts to a Syrian takeover of Lebanon.

By blocking the IMET funding you will send a strong message that the U.S. cannot support and train a surrogate army for Syria, a dictatorship, terrorist and drug trafficking state. We must not rely on the "goodwill" of Hafez Assad and his puppet regime in Lebanon to further human rights and American interests in that region.

We would appreciate your full support on this issue. Thank you.

Sincerely yours,

Daniel Ferris

Daniel Ferris
CLAO Representative
in Washington

'Text' of Cooperation Treaty With Syria

NC1705122291 Beirut Voice of Lebanon in Arabic 0545 GMT 17 May 91

["Text" of "the treaty of brotherhood, cooperation, and coordination between Lebanon and Syria"]

[Text] The Lebanese Republic and the Syrian Arab Republic, on the basis of the distinguished brotherly relations between them which derive their strength from the roots of kinship, history, common affiliation, common destiny, and joint strategic interests; out of their belief that the achievement of the broadest cooperation and coordination between them will serve their strategic interests and provide the means for ensuring their development and progress and for defending their pan-Arab and national security, be a source of prosperity and stability, enable them to face all regional and international developments, and meet the aspirations of the peoples of the two countries; and in implementation of the Lebanese national accord which was ratified by the Lebanese Chamber of Deputies on 5 November 1989, have agreed on the following:

Article 1. The two states will work to achieve the highest level of cooperation and coordination in all political, economic, security, cultural, scientific, and other fields in a manner that will realize the interests of the two fraternal countries within the framework of respect for their individual sovereignty and independence and will enable the two countries to use their political, economic, and security resources to provide prosperity and stability, ensure their pan-Arab and national security, and expand and strengthen their common interests, as an affirmation of the brotherly relations and guarantee of their common destiny.

Article 2. The two states will work to achieve cooperation and coordination in the economic, agricultural, industrial, and commercial fields, as well as in the fields of transportation, communications, customs, the establishment of joint projects, and coordination of development plans.

Article 3. The connection between the security of the two countries requires that Lebanon not become a threat to Syria's security and vice versa under any circumstances. Therefore, Lebanon will not allow itself to become a transit point or base for any force, state, or organization that seeks to undermine its security or that of Syria. Syria, which cherishes Lebanon's security, independence, and unity, and the agreement among its people, will not allow any action that threatens Lebanon's security, independence, and sovereignty.

Article 4. After the political reforms are approved in a constitutional manner, as stipulated in the Lebanese national accord, and after the deadlines specified in this accord have expired, the Syrian and Lebanese Governments will decide on the redeployment of the Syrian forces in the al-Biqa' area and the entrance to western al-Biqa' in Dahr al-Baydar up to the Hammanah- al-Mudayrij-'Any Dara line, and if necessary in other points to be specified by a joint Lebanese-Syrian military committee. The two governments will conclude an agreement specifying the size and duration of the Syrian forces' presence in these areas and the relationship of these forces with the authorities of the Lebanese state.

Article 5. The two states' Arab and international foreign policy shall be based on the following principles:

1. Lebanon and Syria are Arab states which are committed to the Arab League Charter, the Arab defense pact and joint economic cooperation, and all agreements ratified within the framework of the Arab League. They are members of the United Nations and are committed to its Charter. They are also members of the Nonaligned Movement.

2. The two countries share a common destiny and common interests.

3. Each country supports the other in issues related to its security and national interests in accordance of the contents of this treaty. Therefore, the governments of the two countries shall coordinate their Arab and international policies, cooperate to the fullest extent possible in Arab and international institutions and organizations, and coordinate their stands on regional and international issues.

Article 6. The following bodies shall be formed to achieve the goals of this treaty. Other bodies can be established by a decision from the Supreme Council.

1. The Supreme Council:

A. The supreme council will consist of the presidents of the two contracting countries and a number of other members from both countries.

B. The supreme council will meet at least once a year, and more often when necessary, at a venue to be agreed upon.

C. The supreme council charts the general policy for coordination and cooperation between the two states in the political, economic, security, military, and other fields. It also supervises the implementation of this policy and adopts the plans and decisions that are made by the executive body, the foreign affairs committee, the economic and social affairs committee, the defense and security affairs committee, or any committee that is established in the future, provided that the constitutional provisions of the two countries are respected.

D. The supreme council's decisions are binding and effective within the framework of the constitutional laws and rules of the two countries, except for those decisions which require the approval of the executive or legislative authorities in the two countries under their constitutional provisions.

E. The supreme council defines the subjects on which the committees concerned have the right to make decisions. Once they are issued, these decisions assume an executive nature within the framework of the constitutional laws and rules of the two countries, except for those decisions which require the approval of the executive or legislative authorities in the two countries under their constitutional provisions.

2. The Executive Body:

The executive body will consist of the prime ministers of the two countries and a number of ministers concerned with the relations between them. This body will assume the following tasks:

A. To follow up on the implementation of the decisions and to submit reports to the supreme council on the phases of implementation.

B. To coordinate the recommendations and decisions of the specialized committees and to submit the proposals to the supreme council.

C. To hold meetings with the specialized committees whenever the need arises.

D. The executive body will meet at least once every six months, and more often when necessary, at a venue to be agreed upon.

3. The Foreign Affairs Committee:

A. The foreign affairs committee will consist of the two countries' foreign ministers.

B. The foreign affairs committee will meet at least once every two months, and more often when necessary, in the two countries' capitals on a rotating basis.

C. The foreign affairs committee will seek to coordinate the foreign policy of the two countries with regard to their relations with all countries. The committee will work to coordinate their activities and stands at Arab and international organizations. The relevant plans will be drawn up and submitted to the supreme council.

4. The Economic and Social Affairs Committee:

A. The economic and social affairs committee will consist of the ministers concerned in the two countries in the economic and social sectors.

B. The economic and social affairs committee will meet in the two countries' capitals on a rotating basis at least once every two months, and more often when necessary.

C. The economic and social affairs committee will be responsible for working to attain economic and social coordination between the two countries and for drawing up the recommendations that will lead to such coordination.

D. The recommendations adopted by the economic and social affairs committee will take effect after they have been endorsed by the supreme council in accordance with the constitutional provisions of the two countries.

5. The Defense and Security Affairs Committee:

A. The defense and security affairs committee will consist of the two countries' ministers of defense and interior.

B. The defense and security affairs committee will be responsible for studying the adequate measures needed to safeguard the two countries' security and for suggesting joint measures to confront any aggression or threat endangering their national security or any unrest that may disturb their internal security.

C. All plans, recommendations, and measures prepared by the defense and security affairs committee will be submitted to the supreme council for endorsement after taking into consideration the constitutional rules of the two countries.

6. The General Secretariat:

A. A general secretariat will be created to follow up on the implementation of the provisions of this treaty.

B. The general secretariat will be headed by a secretary general, who will be appointed by the supreme council.

C. The headquarters, specialization, basis, and budget of the general secretariat will be determined by the supreme council.

Closing Provisions:

A. Special agreements shall be concluded between the two countries in the fields covered by this treaty, such as the economic, security, defense, and other fields, in accordance with the constitutional rules in each of the two countries, and shall complement this treaty.

B. This treaty shall take effect after being ratified by the authorities of the two countries in accordance with their constitutional provisions.

C. Each of the two countries will abrogate any law or regulation which is not in line with this treaty. Such abrogation will be done in done in a way that does not violate any constitutional provision in either country.

18 May Israeli Raid Hits Amal Group in Shabriha

HC1905065891 Beirut Radio Lebanon in Arabic 0430 GMT 19 May 91

[Text] Israeli aircraft attacked the town of Shabriha yesterday afternoon, targeting a building housing the operations room of the Lebanese Resistance Battalions-Amal. Representatives of factions participating in resistance operations were holding a meeting when the air raid took place.

The attack resulted in the building's destruction and the martyrdom of four people: Mahmud Haydar from Tura, Mustafa Nu'man, Husayn al-Duhaymi, and Abu-Saqr,

STATEMENT OF ERIK JANSSON, NATIONAL NETWORK TO PREVENT BIRTH DEFECTS

Senator DECONCINI. I have no questions. Thank you very much, gentlemen.

Our next panel will be Mr. Erik Jansson, Michael Marvin, Scott Sklar, and Ted Weihe. If you would please come up to the table, your full statements will be inserted in the record and we will start with Mr. Erik Jansson of the National Network to Prevent Birth Defects.

You may proceed.

Mr. JANSSON. We started on our international debt study 1 year ago, and we were just amazed to discover in our process of going through the World Bank appraisal reports just how poorly they are doing.

Perhaps the time has come to start to rethink some of their programs from the point of view of the taxpayer. I don't think we are getting our money's worth.

I will just skim over some of the items that are in the testimony.

We found, for example, that there is good evidence that the World Bank program is reducing economic growth in developing countries. Second, their program seems to be so poor, in terms of generating enough cash, return to investor, that the average project does not appear to be able to cover the debt service. In fact, a case could be made that the bank is technically bankrupt.

Third, the bank has been able to push their bad projects off onto the commercial bond holders and onto commercial banks. That is why they have been able to get home free.

Only 1 percent of their projects default, or come close to it. Nineteen or more percent, according to their own appraisal reports, are unable to cover the debt service. That means that the American bank is being pressured, is under default pressure, from the poorer projects of the World Bank in the Caribbean and the Latin American areas.

In fact, in working out the figures, it looks like this default pressure might be as high as $3 to $9 billion. Well, the FDIC recently only had $4 billion in its treasury. So this could have a very significant economic effect on the American economy.

As I am sure the other panelists will find out, it is very easy to find better programs. Renewable energy is better. Poverty banking is outstanding, compared to their existing programs. We looked at debt, and it looks like retirement of debt offers a much higher economic rate of return for both the developing countries and for the American taxpayer. It is customary to find on the open, secondary auction market, 50 to 100 percent returns on investment in the first year, and if you get any generation of economic growth from that, the returns are much higher.

Why is the bank investing in programs that bring 14 to 16 percent economic rate of returns that probably cannot cover the bond service, when we have 50 percent investment returns in the open market? That is a question that really needs to be asked.

We were hoping that this committee might start a process moving the bank toward consideration of a much bigger share of its resources going to the financing of debt retirement. Debt appears to be the limiting factor in economic growth, particularly in Africa.

Table II summarizes some of the items. For example, why shouldn't the World Bank be debt neutral? For every $1 they put into the world in new debt, why don't they retire $1 of old debt? At least they would not make things worse.

Furthermore, it would be a better investment for them and for the developing countries, and for the taxpayer.

PREPARED STATEMENT

That is what we hope that you would ask the Treasury Department to do a feasibility study of how much more the World Bank could do in debt reduction. Why can't we spend, for example, all of our American share for debt reduction? Why can't the World Bank be debt neutral, as I have said?

That is what we hope you could do.

Thank you.

Senator LAUTENBERG [presiding]. Thank you, Mr. Jansson.

[The statement follows:]

STATEMENT OF ERIK JANSSON

Chairman Leahy and Members of the Subcommittee:

The National Network to Prevent Birth Defects is a national membership organization, founded in 1984, to represent children's issues. I am Erik Jansson, the National Coordinator.

We began our study of developing nation debt last year - a project that has led us to review the appraisal reports of World Bank projects. The World Bank is one of the primary holders of developing nation debt, with about a 13 percent share of the total developing nation long-term debt load.

Poor Economic Performance of the World Bank Portfolio

We were really struck by the very poor economic performance of the World Bank portfolio, as reported by the World Bank's own appraisal surveys of their projects.

We have written the Committee in the past about our concern about the unproductive World Bank investment program, and want to briefly touch upon our findings, which are spelled out in more detail in the attached paper.

1) Reducing Economic Growth of Developing Nations: We found good reason to believe that the World Bank program over the past ten years, and perhaps longer, has been reducing the economic growth of developing nations.

   And we know the basic reason why this is the case. It is a result of their loaning money for government projects that are too unprofitable to pay the debt service, over an extended period of time.

2) Probably Technically Bankrupt: Indeed, the World Bank appraisal reports indicate that the average World Bank program today brings a return that is too low to cover debt service. This would, of course, indicate that the Bank is technically bankrupt. See enclosed paper.

3) Damage to American Economy: The Bank however, is politically strong, and gets paid preferentially relative to other lenders such as commercial banks and bondholders. The Bank stands first in line. As a result, despite the poor performance of their projects relative to debt service, only 1 percent of total World Bank loans have ever defaulted or threatened to default.

   Unfortunately, this means that commercial banks take the hit instead. The poor performance of the World Bank projects also translate into other real problems for the American economy, such as loss of trade, as outlined in more detail in the attached paper.

Table 1

We found five areas of investment that bring much higher "economic rates of return" than the 14.6 percent reported by the World Bank in 1986. These are:

1. Loans to developing nations to allow them to buy back their debt on the open market at discounted prices. Rates of return can exceed 50 percent.*

2. Maintenance, and training and institutions for maintenance of existing projects.

3. Environment and environmental infrastructure, where rates of return as high as 25 to 200 percent have been reported for energy conservation, and very high returns for tree planting have been shown.

4. Poverty banking, where 98 percent repayment of loans within one year has been achieved by one program, and economic rates of return are extreme.

5. Debt-for-nature, environment, health or education swaps, which clearly bring higher economic rates of return, and much more sustainable returns than typical of World Bank investments since these projects will be endowed with domestic bonds.

Absorption Capacity

We found enough environmental projects at higher rates of return to absorb the entire investment cash flow of development banks each year.

*The recent buyback of commercial bank debt by the Niger at 18 percent of face value yields an "economic rate of return" of at least 82 percent, which is far in excess of anything that World Bank "projects" bring. Debt reduction could easily absorb the entire World Bank budget for a number of years.

Table 2

NEED FOR A FEASIBILITY STUDY

Possibly requiring the Treasury Department to undertake a feasibility study would be a way to approach it, including the following:

- The feasibility of using all of the American share of World Bank finance for debt reduction.

- Feasibility of converting the World Bank into at least a debt neutral organization - more than matching new debt disbursements with absolute debt reductions.

- The feasibility of large scale debt-for-nature, social service or even development swaps. This will be required in Africa, if development is ever to be possible.

- The feasibility of encouraging the return of "flight money" to developing nations, by reducing country debt levels.

- The feasibility of continuing these programs over at least a decade - and taking the leadership role of reducing developing nation debt worldwide to 30 percent of GNP's.

- And finally, an analysis of why the World Bank is allowed to invest in projects returning 14 to 16 percent economic rates of return, when finance of heavily discounted debt in the open market routinely brings 50 percent or greater returns.

There is also a need to investigate the initiation of a bankruptcy type of procedure for developing nations to prevent large New York banks and other to free load on debt reduction efforts, as they did in the case of the Philippines and Bolivia.

In summary, we estimate the following adverse impact of the World Bank program on the American economy.

o Default Pressure: We estimate that the World Bank is putting an additional $3 to $9 billion of extra default pressure on the commercial banks that loan money to Latin America and the Carribean.

This may involve a significant economic problem for the American taxpayer, since the reserves of the FDIC have recently fallen as low as $4 billion.

o Loss of Exports: We estimate that the World Bank is reducing American export trade by as much as $7.7 billion a year - an upside estimate.

Easy To Find More Profitable Investments

The Bank lacks both commercial and democratic feedback, which is probably why the Bank staff has been so unsuccessful in developing a profitable portfolio.

The Bank board has not been required to act with fiduciary responsibility. The Bank's strong political position has meant that they never had to face the default of even their worst projects, since they have been able to push defaults onto the commercial banking system and bondholders instead.

And finally, the Congress has not taken significant actions in the past ten years to represent the American taxpayer - a situation that we hope your Committee can correct in the coming years.

We were amazed at just how easy it is to locate project approaches that earn much more money than the 14 to 16 percent "economic rate of return" of the present World Bank programs. Table 1 summarizes some of these investment areas.

Finance of debt reduction is one of them, offering much higher returns and a volume of projects that could absorb the entire World Bank budget for a number of years.

For example, the finance of the open market purchase of the deeply discounted debt of Bolivia brought a return of 95 percent, and the recent Niger repurchase program brought a profit margin of 82 percent. Chart 1 summarizes profit margins recently in a wide range of developing nations for debt repurchases.

The question is why the World Bank is allowed to invest in 14 to 16 percent projects, which probably cannot cover debt service, when 50 percent or greater returns are available on the open market, in volumes that could consume the entire Bank budget for a number of years?

Need To Insist Upon Involvement Of The Bank In Debt Reduction

The time has come when the World Bank group has to be pushed on all fours into the business of serious debt reduction for developing nations. Only the Congress can do this.

With debt levels of developing nations in many regions so far in excess of the 30 percent ratio to GNP's that makes growth possible, debt reduction has become the most effective way to restore any hope for the next decade.

At the minimum, the World Bank needs to become debt-neutral, where every new dollar of project debt is balance by one dollar reduction in old debt.

This will require that at least 50 percent of the World Bank budget be devoted to finance of debt reduction over the next ten years. The best approach to this are the following two programs:

- Finance of open market purchases of deeply discounted third world debt in the secondary auction markets. 50 to 100 percent returns are readily available at volumes that could absorb the entire World Bank budget for a number of years.

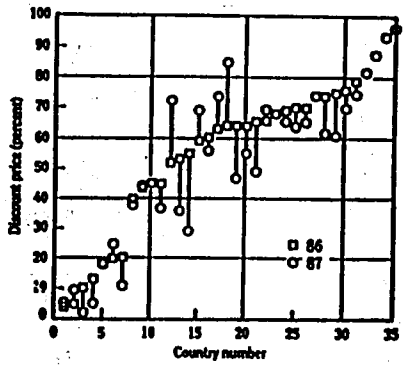
  This program also is the best development program for developing nations.

- Debt-for-nature, social service, health or education swaps, which again bring returns far in excess of the present World Bank portfolio.

Chart 1

No Lack of Wide Margined Investment Opportunities for the World Bank In the Secondary Market for Developing Nation Debt. Debt Retirement Is Central To Development Today.

Figure 16-4. *Secondary Market Discount Prices for Thirty-Five Countries, 1986 and 1987*



Number	Country	Number	Country
1	Nicaragua	19	Argentina
2	Bolivia	20	Madagascar
3	Sudan	21	Ecuador
4	Liberia	22	Chile
5	Zambia	23	Togo
6	Zaire	24	Panama
7	Peru	25	Senegal
8	Honduras	26	Morocco
9	Poland	27	Malawi
10	Dominican Republic	28	Côte d'Ivoire
11	Jamaica	29	Brazil
12	Guatemala	30	Venezuela
13	Costa Rica	31	Yugoslavia
14	Nigeria	32	Gabon
15	Philippines	33	Romania
16	Mexico	34	Algeria
17	Uruguay	35	Turkey
18	Colombia		

Source: Salomon Brothers.

Source: Hajivassiliou, Vassilis, A., "Do the Secondary Markets Believe in Life After Death?", in Husain, Ishrat and Ishac Diwan, Dealing With the Debt Crisis. A World Bank Symposium, The World Bank, Washington, D.C. 1989

NEED FOR A FEASIBILITY STUDY ON PARTICIPATION IN DEBT REDUCTION

We hope that your Committee could ask the Department of the Treasury for a feasibility study that explores the opportunities for using one half or possibly more of the World Bank budget for finance of debt reduction over the next decade. As one of the sources of the present debt crisis in the developing world, the World Bank certainly needs to be involved in a much larger scale in correcting this problem.

Table 2 outlines some of the issues involved in such a study.

Developing Nations Did Well In The 1970's With Low Debt Levels

We forget that in the 1970's, developing nations enjoyed very brisk economic growth. At that time, debt as a percent of GNP was uniformly in the vicinity of 30 percent or less in all but the oil producing regions. See Chart 2.

For example, between 1970 and 1980, Africa, South of the Sahara enjoyed a 383 percent economic growth rate, in contrast with its sharp plunge into depression in the 1980's. Whereas debt as a percent of GNP in 1980 stood at only 28 percent, today it exceeds GNP.

And yet, the World Bank is working to sharply expand its lending to this region, at a time that the debt load is stifling economic growth. This needs to be stopped.

Reaching a 30 percent ratio of debt to GNP in Africa, South of the Sahara will require that the World Bank and other governmental institutions write off most of their portfolios of investments in the region, as is noted in the attached paper.

Chart 2

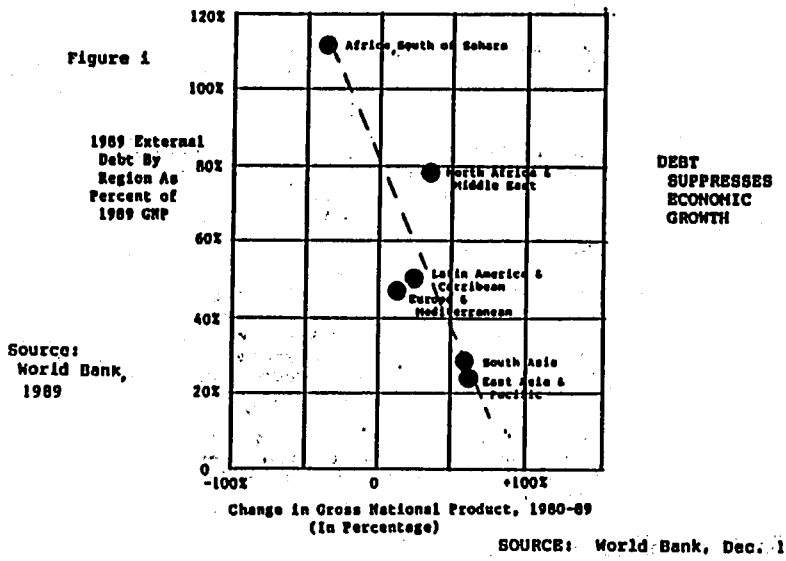
Developing Nation Economic Growth By Region of the World, Compared to Foreign Debt: High Debt Levels Suppress Economic Growth

Region	Gross National Product Growth 1970-80	Debt As % of GNP 1980	Gross National Product Growth 1980-89 *	Debt As % of GNP 1989 *
Africa South of Sahara	+384%	28.2%	-38%	115.3%
North Africa & Middle East	+414	53.0	+33	79.0
Latin America & Carribean	+359	34.8	+22	50.9
Europe & Mediterranean	+616	27.9	+11	47.6
South Asia	+197	17.3	+57	28.9
East Asia & Pacific	+303	17.1	+58	24.9

*Projected

Developing Nation Debt Is Inversely Related to Gross National Product Growth, 1980-89

Figure 1



Source: World Bank, 1989

SOURCE: World Bank, Dec. 1989

HOW MUCH DAMAGE IS THE WORLD BANK DOING TO THE AMERICAN ECONOMY AND THE AMERICAN BANKING SYSTEM?

Prepared by Erik Jansson
March 30, 1991
World Bank Project

SUMMARY OF FINDINGS

In previous papers of this series, we have concluded that developing nation debt has become the limiting factor to their economic growth. This debt needs to be reduced to no more than 30 percent of the gross national products of those nations.

In this paper, we look at the impact of the World Bank program on the American economy and the American banking system, with the following results:

- American exports: We conclude that the World Bank program may be reducing America's exports to developing nations by as much as $7.7 billion a year. That would be an upper limit to the range.

- Commercial banks: We conclude that the World Bank may be exerting as much as $3 to $9 billion of extra default pressure on commercial banks who are invested in Latin America and Carribean economies.

What The Congress Needs To Do

It would be in the self-interests of the taxpayer for the Congress to earmark the entire American share of the World Bank budget exclusively for the finance of debt reduction in developing nations over the next ten years - through open market purchases of discounted debt in secondary markets and through debt-for-nature and social services swaps.

Such a program is also the best way to jump start the economies of developing nations, which have been stalled for a decade and are now buried in debt. Debt reduction for developing nations is the best program.

The United States runs a wide merchantile trade deficit with developing nations, and has done so for over a decade.

Part of this shortfall stems from the unwillingness of the federal government to insist that the American economy remain competitive with Japan and Europe in energy efficiency. It has been estimated by Rosenfeld that this failure gives these nations a five percent price advantage on all goods sold in foreign commerce.

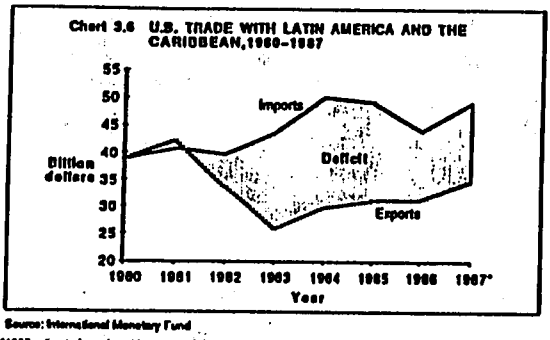
And part of America's trading deficit comes from the enthusiasm and hard work of nations like Taiwan.

But, if we look at the trends, developing nation debt in the past five years has taken on a major role in limiting the potential for American exports.

Simply said, developing nations cannot afford to buy American goods because they spend so much money servicing their external debt. Chart 1 shows this with regard to U.S. trade with Latin America and the Carribean.

Chart 1

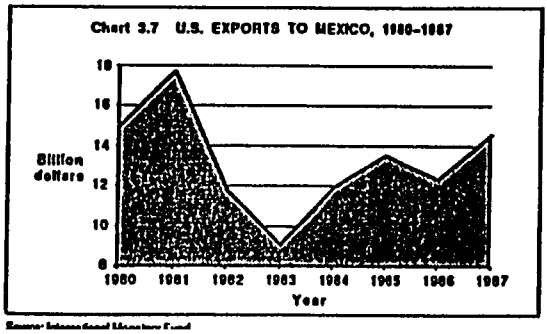
Renegotiation of debts of developing nations should have a very favorable impact upon the United States economy. The inability of Latin American nations to purchase American goods since 1981 has been a significant part of the trade deficit.



Source: International Monetary Fund

*1987 estimate based on 11 months of data

Precipitous Fall of American Exports With the Onset of Debt Crisis



The Cuomo Commission Report, Lee Smith, Dir., 1988, Simon and Schuster, New York

SUMMARY: IMPACT OF THE WORLD BANK ON THE AMERICAN ECONOMY

The question we explore in this paper is how much damage the World Bank program is doing to the American economy and to the American banking system? Can we put a money value on this?

It has long been known that the World Bank has been doing great damage to the environment and to native peoples. In the appendix of this paper is one more example - the disasterous wildlife fencing program of Botswana that was recently surveyed by Monitor and the Environmental Investigation Agency.

But, there is increasing realization that the World Bank projects are damaging the economies of developing nations by saddling them up with high debt loads secured by projects too unprofitable to service the debt. American trade suffers.

The impact of the World Bank on the American economy boils down to two issues:

1 • Effect of the World Bank on American Trade

We concluded in our previous paper that the World Bank investments have been reducing the economic growth of developing nations for at least a decade and perhaps longer.

This situation is adverse to the commercial interests of the United Statee because it stifles exports to developing nations, which have been America's hope for reducing its overall trade deficit.

2 • Effect of the World Bank Program on America's Commercial Banks

The World Bank uses three measurements of the performance of its projects, whdbh we will review later.

But, by any measurement a substantial percentage of the World Bank projects will be unable to support and service the debt that was incurred by the developing nations. For example, the World Bank reports that 19 percent of its projects over two decades have been unsatisfactory - a problem that appears to have increased over the years.

What the Bank means by "unsatisfactory" are those projects with economic rates of return less than 10 percent, which is far less than is needed to service debt.

Yet, only one percent of all their loans ever default or come close to it. The reason for this is that the World Bank has enough political clout that they are able to force nations to default instead on commercial banks and private bondholder loans, rather than on their own projects.

In other words, other parties will take the hit for those 19 percent of projects that fail. And despite these project failures, the World Bank will still receive interest and principal on the loans for them.

And this has clearly had a destabilizing impact upon the American banking system - particularly with regard to World Bank loans to Latin America and the Carribean. As Brent Blackwelder of Friends of the Earth put it, if the World Bank had just one default on a significant project, they would be forced to substantially alter their lending program.

Is the World Bank Program In the Self-Interests of the Nation?

With the American taxpayer paying in such a significant proportion of the total capital of the World Bank groups, one is justified in raising the question of whether the World Bank program is generally in the self-interests of the taxpayer.

If the program reduces economic growth and prosperity of developing nations, reduces America's exports, and destabilizes the American banking system, why should the taxpayer be required to pony up further appropriations?

MONEY IMPACT OF THE WORLD BANK PROGRAM ON AMERICA'S EXPORTS

A great hope for the American trade balance in recent years has been an increase in exports to developing nations, who are in the process of building their economies.

But, this hope was dashed with the sharp oil increases of the 1970's and the big increase in the debt loads of developing nations that accompanied that.

Chart 1, as already noted, shows the abrupt falloff of American exports to Latin America and the Carribean associated with this debt. Chart 3 shows how the debt of the 1980's is is associated with a markedly suppressed economic growth rate of developing nations. And Chart 2 shows the impact of debt on national growth in the most extreme case - mostly African nations where national income as returned to levels not seen since the 1970's.

The problem is that with their high debt loads, developing nations simply cannot afford to buy American goods. The American merchandise trade balance with developing nations, almost even in 1975, deteriorated to a negative $46 billion in 1988. There is little hope in the debt figures of the developing nations that the United States is going to be able to export enough to developing nations to balance the steep increase in petroleum imports. See Table 1.

Need For A Major Debt Reduction Program

Can developing economies recover without sizeable debt reduction? We think not, as seems to be emphasized by the comparisons of Charts 2 and 3.

As noted in our previous papers, available evidence suggests that developing nation debt must be reduced absolutely to no more than 30 percent of their gross national products, if their economies are to revive and American trade stimulated.

This would require the following:

a. A cancellation of approximately $322 billion of developing nation debt, out of the $1.1 trillion outstanding developing nation debt worldwide in 1989.

b. For Africa south of the Sahara, a cancellation of $102 billion of outstanding debt. Since official creditors such as the World Bank, held $87 billion of long-term debt in this region, reaching a 30 percent level to GNPs will require writing off their entire portfolios. Debt in this region totalled $147 billion in 1989, which was a level equivalent to 98 percent of the gross national products of the region.

Table 1

Comparison of the U.S. Balance of Trade With Developing Nations With Total Debt Loads of Developing Nations and U.S. Petroleum Imports (Millions of Dollars)

Year	U.S.-Dev. Nat. Merchandise Trade Balance	Developing Nation Long Term Debt		U.S. Petroleum Imports - All Nations
		Total	World Bank % (IBRD & IDA)	
1970		$61,923	10.2%	$2,900
1975	-$96			27,000
1980	-35,900	420,668	8.0	79,400
1985	-44,488	767,761	9.8	51,300
1988	-46,229	959,815	12.5	39,600
1989	(1)	958,824	12.9	50,900

(1) The figures in this column come from table 1345 of the Statistical Abstract or the Bureau of Census, Highlights of U.S. Export and Import Trade. The figures of the Council of Economic Advisors, which are not exactly comparable, show that for 1989, the adverse trade balance may have worsened.

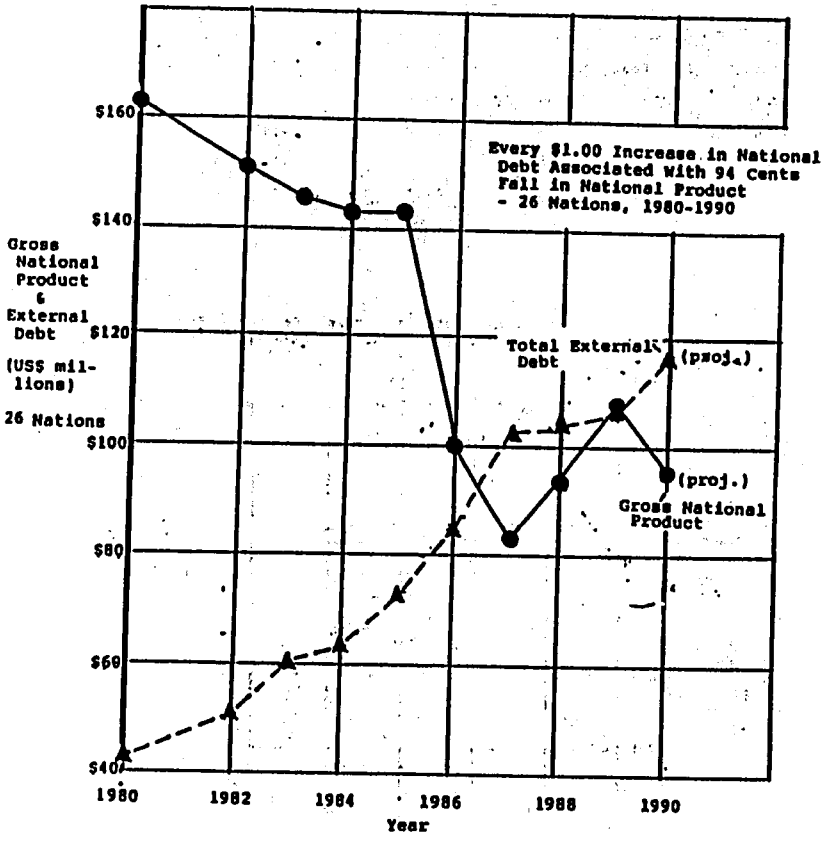
Debt figures come from World Bank, World Debt Tables, 1990-1

Petroleum Import figures come from Council of Economic Advisors, Economic Report to the President, Transmitted to the Congress, February 1991

COUNTRIES WHERE DEBT NOW EXCEEDS GROSS NATIONAL PRODUCTS, YET THE WORLD BANK AGGRESSIVELY LOANS THEM MORE

Chart 2

Effect of Debt Levels on Gross National Product of the 26 Nations Classified as Severely Indebted Low-Income Countries by the World Bank, 1980-1990



Source: World Bank, Dec/ 1990

Chart 3

veloping Nation Economic Growth By Region of the World, Compared to Foreign Debt: High Debt Levels Suppress Economic Growth

Region	Gross National Product Growth 1970-80	Debt As % of GNP 1980	Gross National Product Growth 1980-89 *	Debt As % of GNP 1989 *
Africa South of Sahara	+384%	28.2%	-38%	115.3%
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Latin America & Carribean	+359	34.8	+22	50.9
Europe & Mediterranean	+616	27.9	+11	47.6
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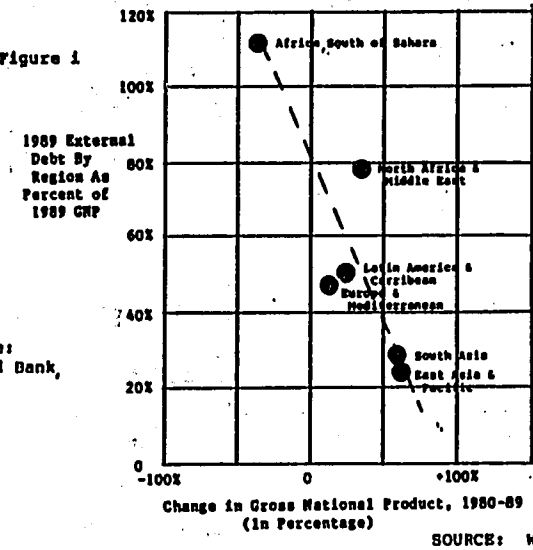
*Projected

Developing Nation Debt Is Inversely Related to Gross National Product Growth, 1980-89

Figure 1



DEBT SUPPRESSES ECONOMIC GROWTH

Source: World Bank, 1989

SOURCE: World Bank, Dec. 1989

Putting a Money Value on America's Lost Exports

With the World Bank presently holding 12.9 percent (1989) of total developing nation long-term debt, and debt being the limiting factor preventing developing nations from buying American goods, one would have to conclude that the World Bank has a substantially adverse effect on American trade.

If we assume that this adverse effect is proportional to its debt holdings, that would amount in 1989 to about $7.7 billion a year in lost exports or increased trade deficit.

This translates to about 6.7 percent of the total trade deficit of the United States with all nations. It would be an upper range estimate, since there are certainly other factors.

The Congress should consider limiting the use of American taxpayer contributions to the Bank to debt reduction, particularly the finance of debt repurchases in heavily discounted secondary markets and the expanded use of debt-for-nature and social service swaps.

Such a program would not only be beneficial to the developing nations, but it would generate more American trade.

Debt reduction is presently a far superior way to jump-start the economies of developing nations than the present World Bank programs. Economic rates of return of 50 percent or better are routinely available in the heavily discounted secondary market for debt. This beats almost all World Bank projects.

World Bank Still Does Not Take Debt Reduction Seriously

Although debt loads are severely limiting the economic growth of developing nations, the World Bank has been aggressive over the past decade in increasing its share of the world's long term debt.

In 1980, the World Bank's share of total developing nation long term debt was 8.0 percent. By 1989, the Bank accounted for 12.9 percent of a much larger debt burden. And in Latin America, the World Bank's share has surged to 8.5 percent, which is of concern to the United States.

The failure to address debt reduction, outside of a few token efforts such as the refinance of some debt from the Philippines, means that American trade is not going to be advanced by the World Bank program.

How fast could institutions like the World Bank achieve a reasonable debt load for developing nations, or 30 percent of gross national product, which will be so beneficial to American trade?

In 1989, according to the newest report from the World Bank, official creditors which include the Bank disbursed $39.5 billion of new loans. At a 50 percent market discount, which is low for much debt traded on the open secondary market today, the official creditors by themselves could finance a similar amount of absolute debt reduction each year. Return to the 30 percent debt to national product level for developing nations could be achieved in only eight years.

It would be difficult to imagine a more effective development program. It is also the best route to encouraging the extreme amount of "flight" money in Swiss, New York, and other banks, spirited out of developing nations by government bureaucrats and others during the 1980's, to be returned to the local economies.

The Congress needs to insist that the World Bank devote a majority of its resources to absolute debt reduction - not just a token amount. Indeed, it would be in the self-interests of the American taxpayer to require that the entire American share of the World Bank budget be devoted entirely to finance of developing nations. This would also be the best way to jump start these economies that have been stalled for a decade.

THE IMPACT OF THE WORLD BANK ON THE AMERICAN BANKING SYSTEM

In our previous short paper, it was suggested that the World Bank was probably technically bankrupt in 1986, a situation that has probably been aggravated more recently. There is good reason to believe that the projects sponsored by the World Bank on average are not profitable enough to handle the present debt service.

Below, we look at the three methods used by the World Bank to appraise their project success, to throw more light on this issue.

Because of its strong political position, the World Bank has been able to force nations to default on their commercial bank loans and private bondholders rather than on the Bank's own failed projects which are rather numerous. This can be very destabilizing for commercial banking systems, and cause the American taxpayer to underwrite substantial funding to bail out failing commercial banks.

The principal impact on the American banking system would stem from World Bank operations in Latin America and the Carribean. In this region, as noted, the World Bank group accounted for 8.5 percent of total long-term debt in 1989.

Three Approaches to Appraisal of World Bank Projects

1) Unsatisfactory Projects: In its recent appraisal of past projects, the World Bank concluded that 19 percent of all projects in the world and also in Latin America were "unsatisfactory". This is summarized by Chart 4:

These projects generally have economic rates of return below 10 percent, which is too low to permit the projects to service their debt. Indeed, as Chart 5 summarizes, 70 percent of these unsatisfactory World Bank projects have economic rates of return of 6 percent or less.

Yet, even though 19 percent of total projects over two decades were economic flops, only 1 percent of the World Bank projects ever default or threaten to default on their payments, which shows the political strength of the Bank which stands first in line as a creditor.

Instead, governments that are having difficulty with their excessive debt loads will default on commercial banks and private bondholders.

In Latin America and the Carribean where the largest American commercial banking loans have been made, commercial banks in 1989 held $199 billion of long-term debt as compared to about $31 billion held by the World Bank group. Commercial bank debt amounted to 57 percent of total long-term debt for these nations.

A 19 percent project failure rate for the World Bank in this region would translate to about a $5.8 billion project failure rate, of which the Bank is able to transfer 18 percent to other debt holders (assuming a 1 percent default rate). This may be an understatement since unsatisfactory project rates have been increasing over the years with the 1988 evaluation showing 24 percent of Latin American World Bank projects earning an unsatisfactory rating. See Chart 5.

In summary, the Bank may be putting about a $3.1 billion default pressure on the commercial banks who hold 57 percent of the long-term debt of Latin America and the Carribean. This amounts to 1.6 percent of their debt holdings.

For the American taxpayer, faced with bank bailouts and the reluctance of commercial banks to advance domestic credit due to their weakened positions, these are not insignificant costs stemming from the World Bank operations in Latin America.

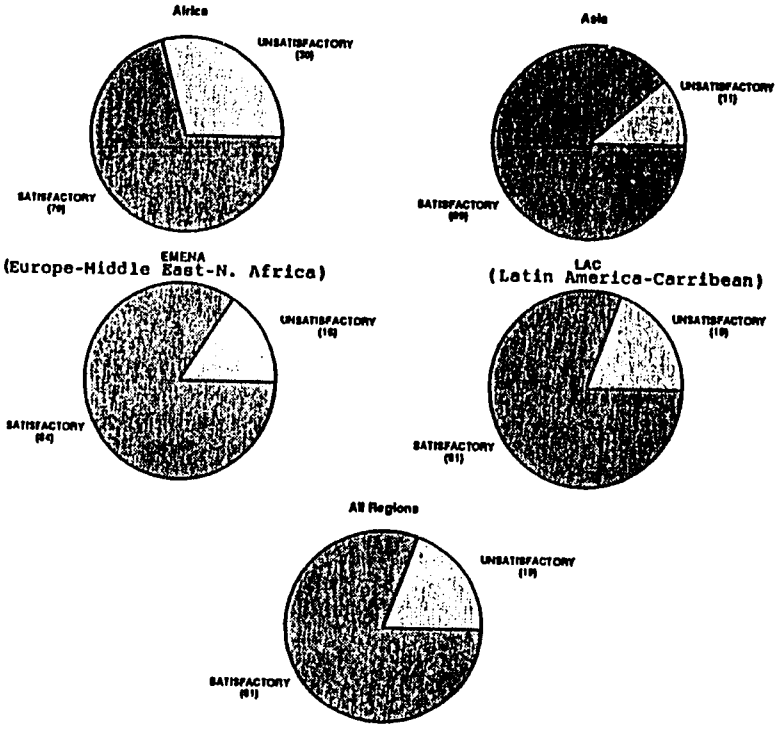
2) Economic Rates of Return: A second measure of performance used by the World Bank is economic rate of return. This is a rather generous measure of performance that includes a range of economic benefits that are presumed to stem from the loan beyond the project itself.

Chart 4

World Bank's Assessment of the Proportion of Projects That Have Unsatisfactory Performance, 1974-88

NOTE: This generally means that they have economic rates of return that are less than 10 percent - clearly unable to service the debt attached to them.

Figure 5.3: Percentage of Bank Operations Achieving Satisfactory Performance, 1974-88



SOURCE: World Bank, Evaluation Results for 1988

Chart 5

The Performance of World Bank Projects Appears to Fall Over Time. In 1988, African and Latin American Projects Were Found to Be Cutstantially Less Satisfactory Than in the Past

Table 1-26: Performance Assessments By Year of Evaluation, 1974-88

Evaluation year	Percentage of projects rated as having satisfactory performance
1974	86 0
1975	87.7
1976	85 7
1977	89 9
1978	90 7
1979	87.7
1980	88 5
1981	85 2
1982	80 3
1983	84 8
1984	74 1
1985	70.2
1986	81 0
1987	72 4
1988	73.8

Table 2.8: Performance Evaluations for Operations Evaluated In 1988

Sector	Percent satisfactory	Number of operations
Agriculture and rural development	60	42
Industry and energy	78	36
Infrastructure and urban development	91	42
Human resources and technical assistance	72	25
Program and policy lending	100	3
AVERAGE/TOTAL	74	168
Region		
Africa	55	44
Asia	87	39
EMENA	79	43
LAC	76	42
AVERAGE/TOTAL	74	168

Note: Excludes the two operations not implemented.
Source: Annex 2, Table 2-7.

Unsatisfactory Projects Are Generally Those With Low Economic Rates of Return - Generally Below 10 Percent Which Means That Debt Service Will Be Impossible

Table 3.2: Distribution of a Group of Unsatisfactory Operations By Re-estimated Economic Rates of Return, 1974-88

	Agriculture		Industry		Transport & Tourism		Energy and Public Util.		Urban		Total	
Range	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
below 0%	66	45	2	15	7	13	7	37	0	0	82	34
0 4%	38	26	4	31	7	13	4	21	1	33	54	23
5-6%	18	12	4	31	5	9	3	16	1	33	31	13
7% and above	26	18	3	23	36	65	5	26	1	33	71	30
Number of operations (sectoral distribution)	148	(62)	13	(6)	55	(23)	19	(8)	3	(1)	238	(100)

SOURCE: World Bank, Evaluation Results for 1988

Just because a project carries a 14 percent economic rate of return - the average for Latin America and the Carribean over two decades - does not mean that it can service a 14 percent interest and principal repayment.

Table 2 compares average debt service costs for World Bank (IBRD) loans and the average economic rates of return for projects around the world and in Latin America and the Carribean. (Chart 6 summaries past economic rates of return.)

The table certainly suggests that the average World Bank project may be unable to service its loan in full, which would suggest as we did in our last short paper that the World Bank may be technically bankrupt. Very significant default pressure on the commercial banking system is probable.

Table 2

Comparison of Debt Service on World Bank Projects With Economic Rates of Return Typical Over Two Decades (1968-80)

Year	Reported Debt Service, IBRD All Nations	Reported Debt Service, IBRD Latin America	(Average 1968-80) Economic Rate of Return All Nations	(Average 1968-80) Economic Rate of Return Latin America
1970	11.3%	10.5%		
1980	12.8	13.3		
1983	13.0	13.9		
1984	15.5	17.2		
1985	13.2	14.1	16% (20 years)	14% (20 years)
1986	14.3	14.8		
1987	14.3	14.0		
1988	19.2	16.3		
1989	16.9	15.4		

Source: World Bank, Debt Tables and Evaluation Results

3. Sustainability: A third measure used by the World Bank is the sustainability of projects, or their likelihood of being able to continue after the end of the project.

Chart 7 summarizes the World Bank's estimates of projects that are likely to be sustainable. For Latin America and the Carribean, this amounted to 48 percent of projects, which means that 52 percent are unlikely, marginal or uncertain.

Possibly this 52 percent is a good measure of the upper end of the risk to commlercial banks from the low quality portfolio of the World Bank. If we assume that 52 percent of the World Bank's Latin American and Carribean projects have economic rates of return that are marginal in relation to the requirements of debt service, it would suggest a default pressure of approximately $16 billion on other Latin American and Carribean debt holders as the World Bank is able to demand and get repayment due to their political position.

That would suggest an upside of $9 billion extra default pressure on the commercial bank debt-holders due to the poor World Bank loans.

In Summary, the range of the pressure on commercial banks holding debt in this region from the World Bank operations might run from $3 to $9 billion annually. This represents a major hit on American taxpayers.

Chart 6

Economic Rates of Return By Sector and Region For World Bank Projects, 1968-80

Table 2.7: Re-estimated ERRs of Evaluated Operations, By Sector and Region, 1968–80

(economic rates of return in percent)

	Average Re-estimated ERR[a]
Sector	
Agriculture and rural development	16
Crop area development	12
Livestock	12
Forestry	27
Fishery	23
Power	11
Oil and gas	29
Oil pipelines	35
Industry	17
Urban sites and services	13
Tourism	13
Ports	22
Highways	25
Water supply	8
Region	
Africa	14
Asia	21
EMENA	13
LAC	14
TOTAL	16

Note: ERRs are not applicable to development finance corporations, human resources, and technical assistance operations, or to program and policy lending. These operations are not covered in this table.

a. Average of individual project ERRs, weighted by project costs.

SOURCE: World Bank, Evaluation Results for 1988

Chart 7

World Bank's Estimate of the Sustainability of Its Projects Which Is A Measure of Their True Development Potential

Figure 5.8: Sustainability of Operations, 1968-80
(Percent)

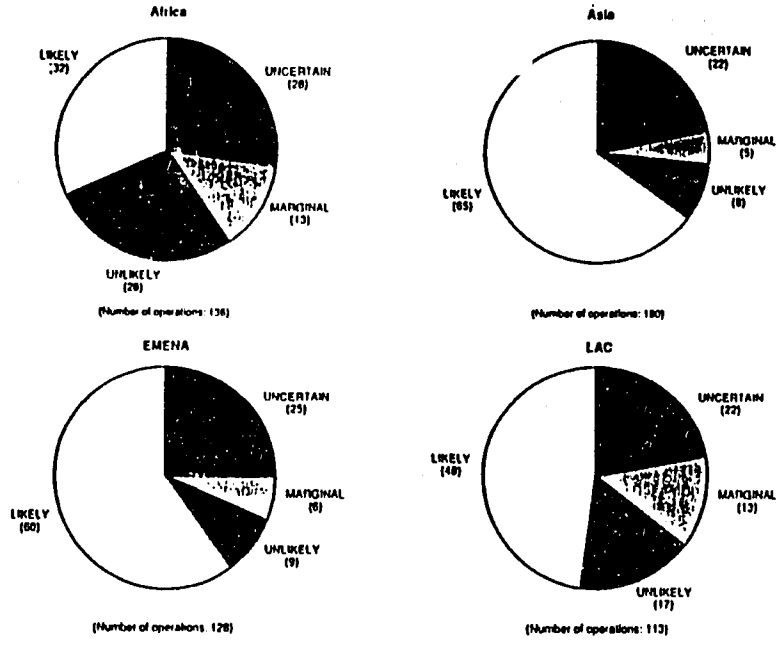


Table 4.2: Sustainability of Operations, by Sector and Region
(number of operations, and percentages)

	Likely		Unlikely		Marginal		Uncertain	
	No.	%	No.	%	No.	%	No.	%
Region								
Africa	43	32	38	28	18	13	37	27
Asia	117	65	15	8	9	5	39	22
EMENA	77	60	11	9	8	6	32	25
LAC	54	48	19	17	15	13	25	22
AVERAGE	291	52	83	15	50	9	133	24
Sector								
Agriculture	91	51	36	20	17	10	34	19
Industry	14	52	5	19	4	15	4	15
Development finance corporations	37	66	4	7	2	4	13	23
Power and energy	32	64	1	2	1	2	16	32
Telecommunications	9	90	1	10	0	0	0	0
Water supply and waste disposal	26	51	4	8	6	12	15	29
Transport	41	50	12	15	9	11	20	24
Urban	5	17	14	48	1	3	9	31
Education	22	44	3	6	6	12	19	38
Population, health, and nutrition	2	50	1	25	0	0	1	25
Nonproject lending and technical assistance	12	60	2	10	4	20	2	10

Source: Annex 1, table 1.21

SOURCE: World Bank, Evaluation Results 1988

ESTIMATE OF THE TOTAL IMPACT OF THE WORLD BANK

We have found that the World Bank program is having a negative impact on American trade that could be as large as $7.7 billion a year. This represents as much as 6.7 percent of the total trade deficit of the United States with all nations. This would represent an upper limit.

Secondly, we have found that the World Bank program in Latin America and the Carribean may be exerting between $3 and $9 billion of extra default pressure on the commercial banks that lend in that region.

Both of these represent a substantial adverse effect on the American taxpayer far in excess of annual appropriations. The American taxpayer, who works hard for the taz money that is invested each year in the World Bank deserves a better deal.

What the Congress Should Do

It would be in the self-interest of the United States to earmark the entire American share of the World Bank budget exclusively for finance of debt reduction, through open market purchases of discounted debt in secondary markets and through debt-for-nature or social services exchanges.

Such a program would be highly beneficial to American trade, as well as being highly beneficial to the developing nations for two reasons:

First, debt appears to be the limiting factor for economic growth of developing nations, and there is a need to reduce debt loads to no more than 30 percent of gross national products.

Secondly, such a program would do more than anything else to facilitate the return of "flight" money to the developing nations from the New York, Swiss, Bahamian and other banks of the world. This flight money often equals or exceeds the entire investment made in these nations over the past decade.

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STATEMENT OF MICHAEL MARVIN, DIRECTOR, GOVERNMENTAL AFFAIRS, AMERICAN WIND ENERGY ASSOCIATION

Senator LAUTENBERG. Mr. Michael Marvin of the American Wind Energy Association is next.

Mr. MARVIN. Thank you, Senator. I appreciate the opportunity to testify since we, in the wind industry, really have as our biggest problem an outdated image. We would take advantage of any of these opportunities to testify and clarify some of the misconceptions.

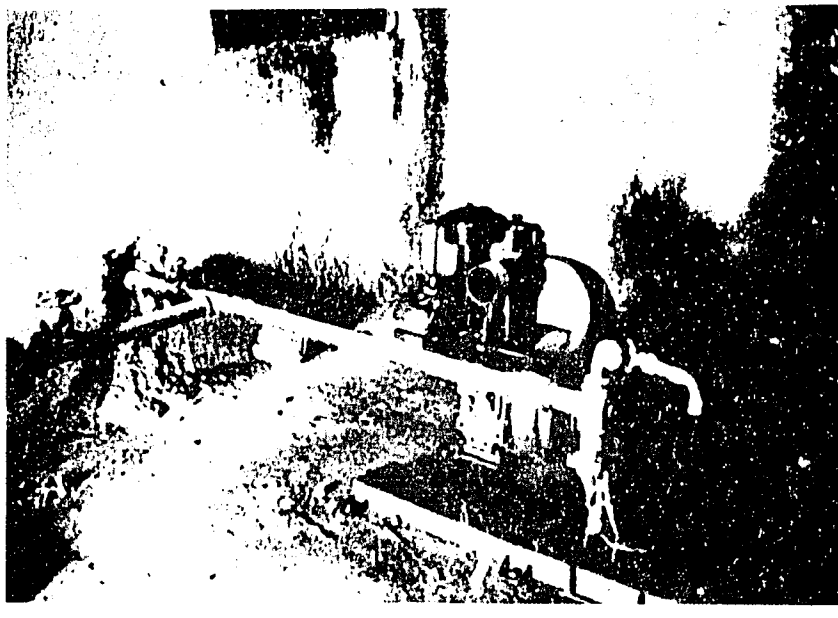
Really, from a brand new industry a decade ago, commercial wind generation now produces about 2.5 billion kilowatt hours a year, which is enough to provide for the residential needs of a city the size of Washington or Phoenix. Each year, costs for our deliv-

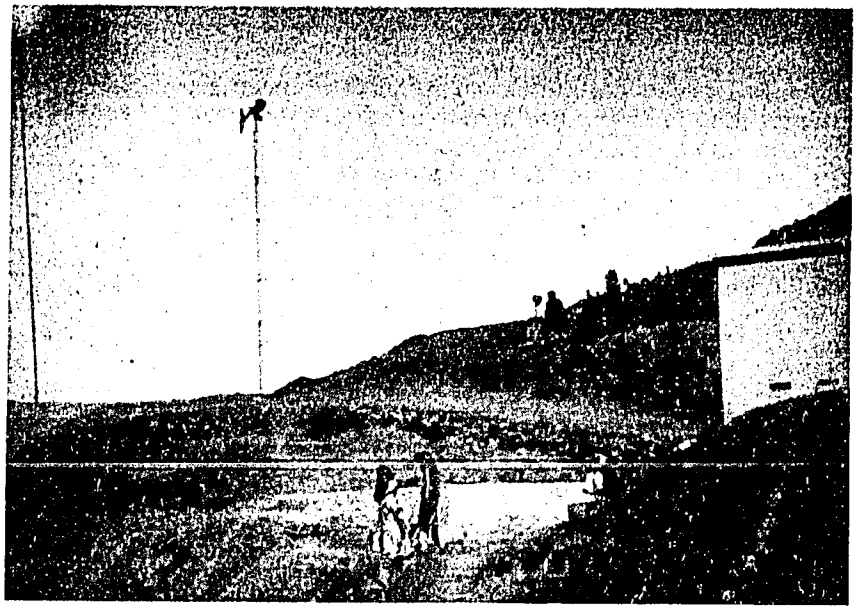
ered power has decreased fourfold, and our reliability levels from a technical standpoint are now similar to conventional energy sources, coal plants, et cetera.

Before I begin, despite the many of the concerns that we in the renewable industries have about AID and its policies or lack thereof toward renewables, this subcommittee's message has always been crystal clear, and that is that renewable energy is and can be a cost-effective, environmentally responsible method of meeting many of the energy demands of Third World countries.

Our largest impediment seems to be that the World Bank, AID, and others have fallen into this bigger is better trap, only to be left with electrical monoliths that fail, really, to address the rural community's needs and exacerbate the migration into already overcrowded cities. That bigger is better theory represents one of our largest institutional stumbling blocks to increased use of renewables in the Third World, especially since one of the more practical benefits of wind and solar power, et cetera, is outside the real of the large, grid-type systems.

As we recently discovered in Naima, Morocco, for example, using a small wind turbine to transport potable water within an LDC is often less costly and more efficient. I have photos of the diesel system which our system replaced, for the record.





POTABLE WATER

Mr. MARVIN. Once these sometimes slightly up-front capital costs are addressed, the country is then left with a nonpolluting, easy to maintain source of potable water for decades to come. And the people, for the first time in Morocco, some 4,000 of them, for the first time in 2½ years, do not have to walk 4½ kilometers for drinkable water or worry about raising hard currency for fuel or repairs of their old diesel system.

In fact, the wind system now delivers more than twice the amount of water to the villages in Naima and surrounding areas than the old diesel system did.

Despite all the advances made by our technologies, of the $3.8 billion in energy loans given by the World Bank in 1989, a grand total of $300,000 went to solar and wind projects combined—roughly 1/100 of 1 percent of the total.

Our question is how do we change these biases.

In my written testimony, I have shown that AID funding of renewable projects has dropped every year since 1982. Given this committee's annual directives and the exponential advances that wind and solar technologies have made since 1982, that really is unacceptable.

Each year, the subcommittee directs the international community to give greater consideration to renewable energy. Each year we are met with resistance, lethargy, and delay.

I could think of no more frustrating process for my members than attempting to work with our foreign aid infrastructure.

With that in mind, in addition to the very specific requests that we have outlined in the written testimony, we believe there are a few other actions that would help to encourage renewable energy

development by AID, such as increasing educational outreach programs to AID mission levels, where a lot of the real decisions are made; emphasizing the bundling of smaller, renewable systems together for easier financing; accounting for the environmental costs and benefits of generating electricity, such as the House recommended this year for the first time; establishing an affirmative action program for wind and solar technologies; and urging Administrator Roskins and others to send a strong, clear message of support to every AID mission that renewable energy development should be encouraged and accelerated.

The bottom line is that, unless this subcommittee gives AID a clear directive to develop renewable energy sources, it simply will not happen. If no one forces AID to do things in a new, more sustainable way, it will continue to follow the path of least resistance, which, for decades, has been diesel generation and megafossil fuel plants. In the long-term, that really benefits no one.

PREPARED STATEMENT

With few exceptions, the other body has put together a proactive, responsible approach toward renewable energy development, and we encourage this subcommittee to continue its support as well.

Thank you again and I would be happy to respond to any questions you may have.

Senator LAUTENBERG. Thank you very much.

[The statement follows:]

STATEMENT OF MICHAEL L. MARVIN

Let me begin my testimony by first expressing our appreciation for the leadership you, Mr. Chairman, and this subcommittee have brought to the arena of internationally sustainable and environmentally responsible third world development. Your support and direction have made a real difference, reducing some of the barriers our members often must deal with in bringing U.S. technology and expertise to developing countries.

While we often have been disappointed with the way that various federal agencies actually have implemented (or failed to implement) the Committee's directives, Congressional intent--to weave together clean, renewable energy resources with sustainable economic development--has never been called into question.

For the record, the American Wind Energy Association, or AWEA, is a trade association representing all facets of the wind energy industry, a role that we have played since 1974. The industry has grown dramatically in the last decade, moving from just a few hundred wind turbines in 1982 to roughly 18,000 large-scale turbines in the U.S. alone, generating more than 2.5 billion kilowatt-hours in 1990, enough to supply the residential needs of nearly one million people. I'm pleased to note for the Chairman's edification that Green Mountain Power of Vermont is a strong advocate of wind energy, and that GMP's Senior Vice President, A. Norman Terreri, is an active member of AWEA's Board of Directors.

The renewable energy industry believes that the directives sent to the AID Office of Energy last year seem to have sent the right message. The level of communication between AID and the wind industry has improved over the last year and one can begin to see the possibility of a genuine government/industry partnership emerging. While it is much too early to make any long-term judgments, I believe the Office of Energy is moving in the right direction, though many claim that any movement is coming at a glacial pace. This subcommittee's specific directives in support of clean energy can only help to encourage this partnership.

We have proposed a specific program, the Wind Energy Initiative, to the Office to address a number of technology-specific market barriers that our members face. While we have some initial funding, we remain hopeful that increased support for this program will be forthcoming in the next few months. We are excited about the potential for several new Office of Energy initiatives that we believe could facilitate industry outreach in developing countries and serve to catalyze projects. AWEA supports this Subcommittee's continued prodding and additional statutory spending requirements for the AID Office of Energy renewable energy programs. <u>We fully support the House recommendations of $25 million for the Office of Energy and urge the Senate to support that level for FY '92.</u>

It's important to note, however, that any significant increase in activity or support made at AID has been at the Bureau of Science and Technology; they are not mirrored in the AID Mission structure, where so much of the real resources of AID lie. On the contrary, the support for renewable energy at the Mission level is at its lowest point in the last 15 years.

There are <u>no</u> active renewable energy projects in the AID portfolio, <u>none</u> in the planning stages, and in the last year two renewable projects--in Morocco and Egypt--were shut down with <u>significant unexpended funding</u>. The Committee might be interested to know that a project similar to the one that our government shut down in Egypt is now being funded by the Danish government-- using Danish equipment. Such examples, unfortunately, abound in our dealings with AID at the Mission level.

Figure 1 (see pg. 7) is a graph of AID renewable energy project funding from 1977 through 1990, as published by Waddle, Perlack and Jones of Oak Ridge National Labs in "Renewable Energy Projects, Lessons from the Past and Directions for the Future," (Natural Resources Forum, Nov., 1989).

Barring forceful action by the Congress, we believe AID Missions will continue their glacial pace. Therefore, to ensure at least some activity in clean energy fields, we urge this subcommittee to concur with the House recommendation of at least $20 million for a minimum of five "replicable renewable energy projects. . .to be initiated in fiscal year 1992." Although AID as a whole seems to be moving in the right direction, we must sadly agree with the House that such a program appears to be the "only apparent method of moving AID off the dime on (new) renewable energy projects."

Given that AID will spend hundreds of millions of dollars on energy this year, the Oak Ridge figures reveal the Mission structure's sorry state of knowledge and appreciation of just how competitive and technologically advanced wind and other renewable energy technologies have become.

It also would appear that sustainability and environmental impacts have taken a decided back seat to expediency and minimizing up-front costs. We, therefore, support the House language (p. 17, Hse. Rpt. 102-108) which mandates that "All energy loans and credits should be based on least-cost investment plans which evaluate a wide range of end-use energy efficiency and non-conventional renewable energy options and include the quantifiable environmental costs of proposed energy developments." Society continues to pay billions of dollars each year in hidden environmental costs for pollution generated by energy. Until these costs are fully considered, clean energy sources such as wind, solar and geothermal will continue to face a steep uphill climb in their efforts at third world market penetration.

Figure 2 (pg. 7) shows the distribution by technology of $242 million in AID renewable energy funding identified by VITA in 1987. VITA was able to identify only $860,000 for wind projects over the 11-year period--less than one percent of the total and, embarrassingly, *1/3rd the amount spent on oxen-powered water pumping*.

To say that this is out of line with the level of competitiveness achieved in the last decade by both large and small wind turbines is an understatement of almost comical proportions. (see attachment A for a concise update on the technological advances made by the American wind industry).

This downward trend is particularly galling for two significant reasons: (1) the industry has made exponential advances in efficiency and performance over the last five years, resulting in costs dropping from 25-30 cents per kilowatt-hour down to six to nine cents per kilowatt-hour for grid-connected wind power plant applications (see attachment A); and (2) this Congress's clearly stated support for increased renewable energy use in third world development.

While our overseas trading adversaries long ago learned the mutually-beneficial relationship that can exist between their domestic suppliers of competitive renewable energy equipment and the energy-starved markets of the developing countries, the U. S. donor aid program has served almost exclusively to foster greater fossil fuel dependence. This myopic view of third world economic development is in the long-term best interests of no one.

From buying English and Japanese diesel engines for health and water projects, to shoring up urban power supplies with gas

turbines, to supporting private power projects based on oil-fired thermal plants, to subsidizing non-economic grid-extension projects, to transferring U. S. "clean coal" technology, the 70-odd missions of AID will spend hundreds of millions this year on non-renewable energy.

Funding for the odd renewable energy component will, on the other hand, likely total less than $1 million over the same period, without direction from this committee. Donor aid can play a catalytic role in penetrating difficult developing country markets and transferring technology appropriate for socioeconomic development. Look in almost any country with an AID Mission and you will find a European or Japanese renewable energy project. The contrast in levels of donor backing between AID and DANIDA, the EEC, GTZ, JIDA, et al., is striking. In 1988, for example, a team of U.S. wind industry experts made a lecture/marketing tour of India.

Every potential Indian customer asked what grants or loans were available from the U.S. government; the answer, sadly (but not unpredictably), was "none." The following week DANIDA announced a $25 million tied-aid grant to India for Danish wind turbines. It is perhaps not surprising that four of the five Indian-government approved technical collaboration agreements for wind turbines are with Danish firms. This situation, albeit on a less dramatic scale, occurs time and again.

The U.S. industry has world-class wind technology and expertise that can--and does--compete successfully against European and Japanese products and services. With just a modicum of Mission support, for market conditioning and technology transfer activities, our companies could give our foreign competitors a real run for their money in the LDC arena. We are anxious to compete and, in fact, some of our manufacturers have been successful despite the overwhelming odds against them.

One American turbine manufacturer has installed turbines in over 50 countries and is an internationally recognized leader in decentralized rural electrification. Others, however, have shied away from the daunting challenges of developing country markets. AID support and cooperation would help to level the playing field and bring additional U.S. companies into the marketplace.

AWEA has developed a set of recommendations that we believe will address the structural and programmatic impediments to increased Mission use of renewable energy for competitive applications. We will be asking for the Subcommittee's assistance in refining these recommendations and implementing them through new AID initiatives. In combination with the Office of Energy we believe that the AID Mission structure and the U.S. wind industry can forge a working relationship that will bring the benefits of wind power to those in need throughout the world.

To summarize our recommendations for fiscal year 1992, AWEA urges the Subcommittee to:

1) Fund the USAID Office of Energy at a minimum of $25 million, mandate full expenditure of its appropriation and include within that a recommendation similar to the House that a total of $10 million be dedicated to the interagency board CORECT, Environmental Technology Export Council and the International Fund for Renewable Energy and Efficiency (IFREE);

2) Support House language (pg. 16, 20 and 21, H. Rpt. 102-108) that provides $20 million for the initiation of at least five "replicable renewable energy projects" in fiscal year 1992;

3) Support a funding level of at least $1 million for the Center for Advanced Water Technology (CAWT), a development training center located at Savannah State College, Georgia. The Center serves as an applied technology training center for overseas agricultural government planners, technicians and farmers, and helps them become more familiar with advanced U. S. wind and solar technologies;

4) Continue your strong support of the Trade and Development Program with the State Department, with funding at the House recommended level of $40 million. TDP has been a very responsive agency; its support of trade and reverse trade missions for the renewable energy community has been stellar. We would support an earmarking of five percent of TDP's funds for renewable energy feasibility and pre-feasibility projects;

5) Require annual reports by the relevant entities--TDP, IBRD, World Bank, AID Office of Energy, etc.--outlining the steps they are taking to incorporate renewable energy technologies into growing third world economies;

6) Provide direction that with the U.S. contribution to multilateral banks there be a proviso requiring a minimum five percent set-aside for renewable energy spending as a percentage of all energy spending.

We believe that the preceding steps, in conjunction with other steps that this Subcommittee deems appropriate, will send a strong message to AID and others about the importance that this Congress places on renewable energy development.

Clearly, Mr. Chairman, greater use of renewable energy in the third world is warranted. Renewable projects often supplant imported energy, freeing up scarce capital to invest in other improvements to the infrastructure or increased economic activity. Since the often smaller renewable projects can be located in rural populations, such development will stem the rapid migration from villages to urban areas, reducing the social pressures inherent in such migratory patterns. Finally, because renewable generating plants are more labor intensive (2 to 5 times more jobs created compared to conventional energy), increased employment will result.

Renewable energy may not be a panacea, Mr. Chairman, but we believe that it ready, willing, and able to play a critical role in ensuring third world economic growth while protecting our global environment.

Thank you, Mr. Chairman.

FIGURE 1

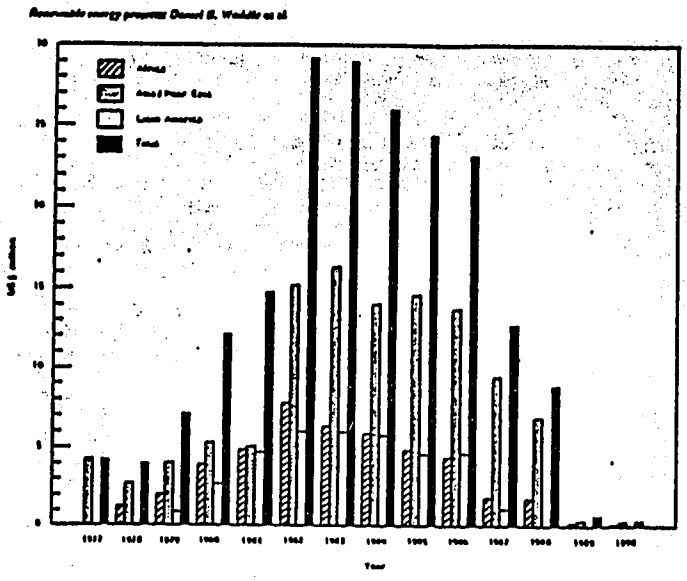
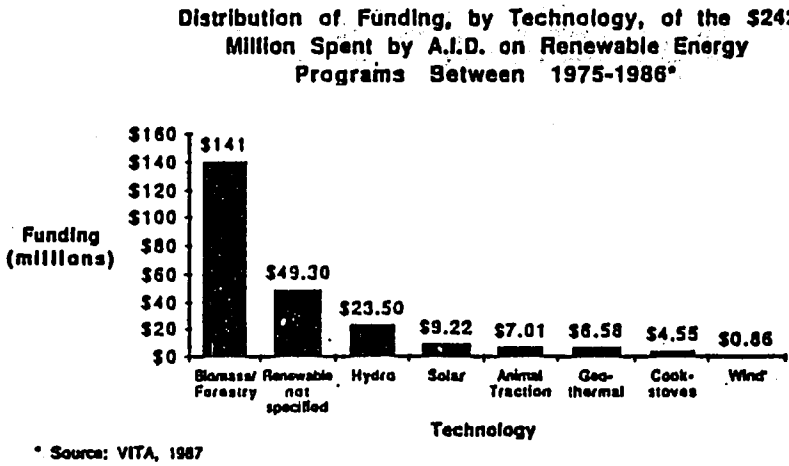


Figure 1. Yearly AID funding levels for renewable energy projects.

FIGURE 2



* Source: VITA, 1987

APPENDIX A

American Wind Energy Association

March 15, 1991

FOR INFORMATION CALL: Randy Swisher or Mike Marvin at 202-408-8988; or Paul Gipe at 805-822-7956

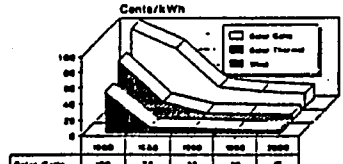
WIND ENERGY -- A RESOURCE FOR THE 1990s AND BEYOND

Wind energy, once considered a fanciful dream of environmentalists, has come of age. After serving a decade-long apprenticeship in California's wind-buffeted mountain passes, wind energy is ready to deliver its share of the nation's electricity. The technology has matured sufficiently that wind energy can take its place alongside conventional resources as a clean, reliable source of electricity. As the nation grapples with its continuing dependence on oil, poor air quality, and growing evidence of global warming from fossil fuels, clean technologies like wind energy will look increasingly attractive as a resource for the 1990s and beyond.

Wind is Cost Effective

The cost of wind-generated electricity fell dramatically during the 1980s. Pacific Gas & Electric Co., one of the world's largest utilities and a firm that is closely studying wind technology, expects the cost to drop even further during the 1990s. According to PG&E wind technology will become the "most economic new source" of electricity by the end of the decade. Wind energy is already one of the least costly sources of renewable energy.

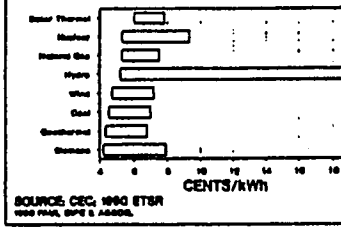
DECLINING COST OF RENEWABLES FOR PG&E BULK POWER GENERATION



SOURCE: PACIFIC GAS & ELECTRIC CO.

Several recent studies conclude that wind energy has nearly closed the gap with conventional fuels. The California Energy Commission estimates that wind power plants under current conditions, and when operated by an investor-owned utility can generate electricity at 4.7-7.2 cents/kWh. Wind, says the CEC, is one of the least costly sources of new generating capacity available to the state, and has become competitive with coal and nuclear power. The Electric Power Research Institute, the research arm of the nation's electric utilities, concurs. At good sites, says EPRI, wind costs "about the same as power from more conventional sources."

COST OF NEW ELECTRICAL GENERATION IN CONSTANT 1987 $



SOURCE: CEC, 1990 ETSR

Wind Works

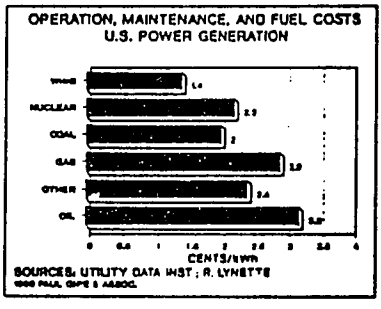
Modern wind turbines now operate around the globe in numerous applications. They run the gamut from commercial wind power plants near Los Angeles, to small wind turbines pumping water for remote villages on the edge of the Sahara Desert. Today, modern wind turbines are reliable: they are available for operation more than 95% of the time compared to only 50-60% in the early 1980s.

With the experience gained during the past decade, wind technology has steadily advanced in performance. The CEC reports that turbines

installed since 1985 perform 46% better than earlier turbines. These advancements have resulted from not only new designs but also by refinements of existing technology.

Wind turbines provide commercial bulk power in California, Hawaii, Denmark, Germany, Spain, the Netherlands, and India. Management and operation of wind power plants, as the arrays of multiple wind turbines are known, now resembles that of any other power plant.

Wind plants, like other forms of solar energy, are capital intensive. But the fuel is free. Thus wind plants are less costly to operate, maintain, and fuel than conventional power plants. Based on actual field experience during the past decade, operating and maintaining wind plants cost one-third less than do nuclear power plants.

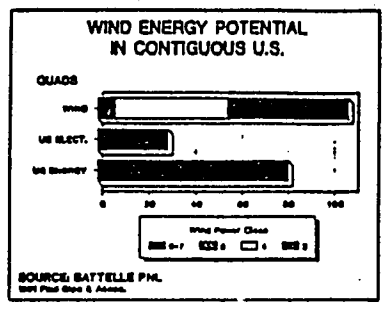


Wind is Abundant

Wind energy is abundant in the U.S. The Great Plains contain a tremendous untapped resource. North Dakota, for example, is a virtual "Saudi Arabia" of wind energy. The Department of Energy has identified 37 states with sufficient wind resources to support development of utility-scale wind power plants, and there are ample winds for small, residential-size wind turbines in all 50 states.

Winds sweeping across one ridge in Southwestern Minnesota, says the state's Department of Public Service, could produce enough wind-generated electricity to meet 86% of the state's electrical needs.

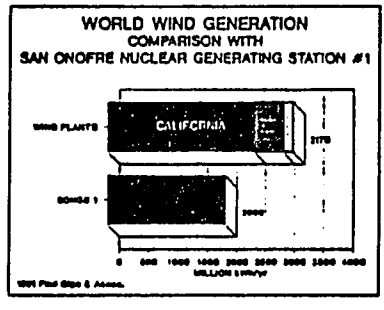
Battelle Pacific Northwest Laboratories, in a study for the U.S. Department of Energy, estimates that wind resources in the lower 48 states could meet 27% of the nation's electrical consumption even after removing many areas because of environmental sensitivity. Battelle assumed the ability to economically use class 5 and windier resources such as those found in California's windy mountain passes. Many sites currently being developed in Europe already economically use less windy, class 4 resources.



Wind energy realistically could meet 10-20% of the nation's electricity supply if state and federal policy placed the proper emphasis on renewable energy development

Wind is Significant Today

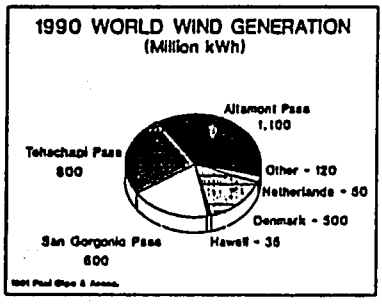
Wind energy is the most successful solar-electric technology to result from the scramble to develop alternative forms of energy during the 1970s. Today wind turbines worldwide generate as much electricity as that produced by a medium-size nuclear reactor or a coal-fired power plant.



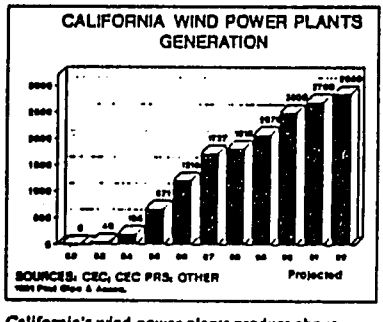
California is Leader

Unquestionably wind energy has made its most significant contribution in California. With 12% of the country's population and the world's sixth largest economy, California is an energy trend setter. Nearly 15% of the state's electricity is produced by such alternative sources as wind, solar thermal, photovoltaics, geothermal, and

biomass. Because of the progressive policies adopted during the late 1970s and early 1980s, California has become a world model for renewable energy development. California accounts for 80% of the world's wind generation; Denmark produces much of the remainder.



California's wind turbines generate enough electricity to meet the residential needs of about 1,000,000 people--more than the population of San Francisco or Washington, D.C. By the mid 1990s sales of wind generated electricity to the state's largest electric utilities, Southern California Edison Co. (SCE) and PG&E, are expected to approach three billion kWh per year.

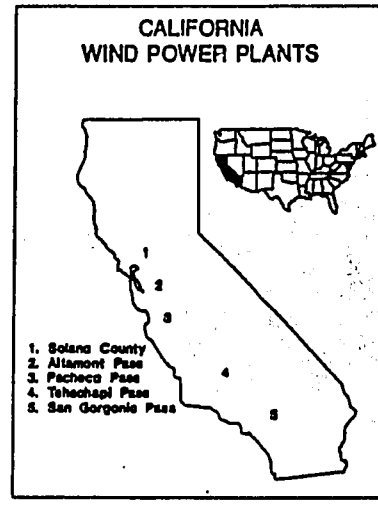


California's wind power plants produce about

- 1.2% of PG&E's estimated consumption, and at times provide 8% of PG&E's load,
- 1.5% of SCE's estimated consumption,
- as much electricity as that produced by California's oil-fired power plants, and
- as much electricity as that saved by residential building and appliance standards.

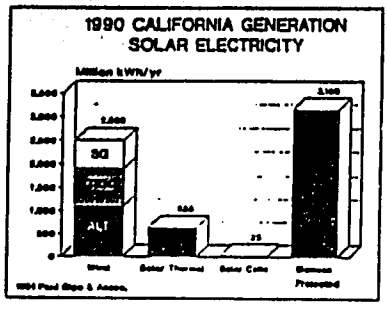
Wind power plants in California effectively save the energy equivalent of 4.4 million barrels of oil per year that otherwise would have been needed to generate the same amount of electricity in a conventional power plant.

California wind plants are privately owned and operated, and range in size from only a few wind turbines to as many as several thousand. They are concentrated in three mountain passes: Altamont, east of San Francisco; Tehachapi, northeast of Los Angeles; and San Gorgonio, near Palm Springs. Wind power plants have also been built in Solano County near the confluence of the San Joaquin and Sacramento Rivers, and in the Pacheco Pass southeast of San Francisco.

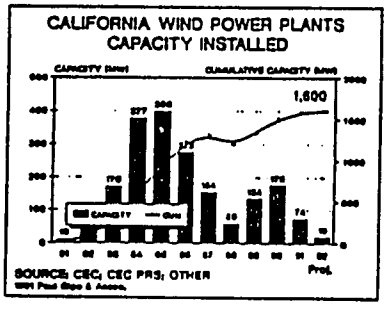


The wind turbines installed during the past decade provide a large base upon which the technology has been able to build. There are now more than 15,000 wind turbines operating in California, representing nearly 1,500 Megawatts (MW) of generating capacity. There are another 300 MW operating in Denmark.

Since California's first wind power plants were installed in 1981, wind has become one of the largest sources of solar-generated electricity in the state. The chairman of the California Energy Commission, Charles Imbrecht, has characterized wind development as a "remarkable success story." George Maneatis, president of PG&E, has called wind one of the most successful forms of alternative energy developed in California.



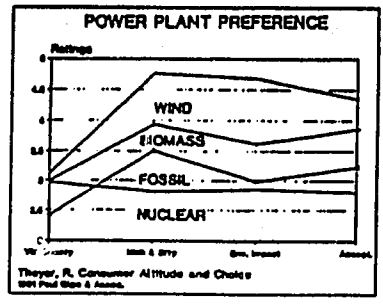
Because of improved cost effectiveness, wind turbines continue to be installed despite the loss of tax credits that spawned the industry's early development. More than half of today's wind generating capacity in California has been installed without federal energy tax credits.



Wind energy continues to expand not only in California and Denmark, but in other countries as well because improvements in the technology have led to greater reliability and productivity at lower costs than were possible only a few years ago.

Wind is Preferred

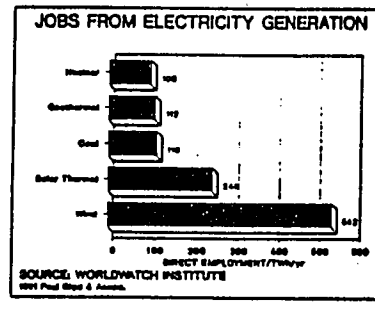
Numerous public opinion surveys have consistently shown that the public prefers wind energy over conventional sources of generation. And for good reason. Wind energy is not only renewable, it's also a source of clean, non-polluting electricity. Unlike conventional power plants, wind plants emit no air pollutants, or greenhouse gases. In 1990 California's wind power plants offset the emission of more than 2.5 billion pounds of carbon dioxide, and 15 million pounds of other pollutants that would have otherwise been produced. It would take a forest of 90 million to 175 million trees to provide the same air quality benefit.



The public's preference is most marked with respect to health and safety, and environmental impact. It is this preference for a clean, renewable resource that will assure continuing expansion of wind energy.

Wind is Good for the Economy

Wind energy also avoids the "external costs" associated with conventional resources: the cost of defending supplies, the health and environmental costs of pollution, the cost of depletion allowances and so on. These direct and indirect subsidies to conventional sources cost 1-5 cents/kWh.



Wind energy, on the other hand, is a domestic, uninterruptible resource that provides more jobs per dollar invested than any other energy technology --more than five times that from coal or nuclear power.

As a resource for the 1990s, wind energy makes sense.

STATEMENT OF SCOTT SKLAR, EXECUTIVE DIRECTOR, U.S. EXPORT COUNCIL FOR RENEWABLE ENERGY

Senator LAUTENBERG. Next would be Mr. Sklar. The rules apply. When the red light goes on, it means stop, not go faster, as it does in traffic. [Laughter.]

Mr. MARVIN. We work together, so you can take 30 seconds from his time.

Senator LAUTENBERG. Oh, is that right? [Laughter.]

Mr. SKLAR. Right.

Aside from running the Solar Industries Association, I run a consortium of the eight renewable energy trade associations. Sixty percent of our sales go overseas to the Third World.

What happens in AID and the development agencies greatly affects both our industry and the Third World quality of life.

As you can see, this industry is growing. Solar itself has nearly $1 billion of export sales. The other renewables—wind, biomass, geothermal—add another $1 billion to that.

What this committee has supported, the subcommittee is directing AID to spend more time in basically renewable, sustainable energy development. I cannot tell you how many times both AID and the development banks have put in conventional energy systems, only not to have any energy to run them, and they are just sitting there. World Bank officials have come to me and said we have put a few hundred million dollars in diesel engines, but the countries of Indonesia and others want to sell that for foreign exchange and those things sit there pristine and idle.

I have many stories in which renewable energy projects are more cost-effective than running wires out to villages with no energy to back up those wires. And yet, they tend to be ignorant that our technology has moved forward.

The fact of the matter is that we have even been taking U.S. technology and licensing it abroad. This thin film technology—I brought a plastic solar panel—is being joint ventured in India. We have another company, based in New Jersey, that is doing some joint venturing in Botswana and Tanzania. So, the fact of the matter is that this can provide jobs within those countries.

What do we really need? We really need three basic things. First is increasing the AID energy office by $5 million, where the money would go to a joint venture with EPA and Department of Energy and with the Rockefeller Foundation to provide cost-shared preinvestment studies.

We have spent years trying to identify projects. We have more projects than we know what to do with that are economically feasible. And we have spent years developing financing avenues at the development banks. The bottom line is to link the two.

This approach will leverage our industries into the real world so that we can scale up manufacturing and lower our costs.

The second thing is what Mike said in the Wind Association testimony, which is that we need to educate the missions because the missions have the control of the money. And unless we have some directives which leverage the missions in looking at this technology, they are not going to consider us. That has always inherently been a problem.

The third key issue for us in the whole developmental side is to really spend time joint venturing projects with other existing entities. We have developed a center to train people on wind and photovoltaic technology, on water purification and pumping. The Danes do something similar, and people buy what they are trained on.

So we want to support those existing institutions that the Federal Government has cost-shared.

Last, Congress, through legislation that Senator Fowler did, set aside a directive for the Overseas Private Investment Corporation to be able to give preinvestment studies and prefeasibility studies for renewable energy projects. President Bush signed it into law under Public Law 101–218. OPIC wants to put this money to good use. OMB does not want them to.

PREPARED STATEMENT

They want to use $300,000 of their income. They don't need an appropriation. They want to use their income to do this. OMB says no. To be able to have the subcommittee direct OPIC to be able to use $300,000 for this purpose would leverage other projects.

Thank you for your interest.

[The statement follows:]

STATEMENT OF SCOTT SKLAR

INTRODUCTION

The U.S. Export Council for Renewable Energy (US/ECRE) was formed by the nine national trade associations promoting exports of alcohol fuels, energy efficiency, geothermal, hydropower, passive solar, photovoltaics, solar thermal, wind and wood energy technology and services. Our associations of manufacturers, service providers and component suppliers urge the Subcommittee on Foreign Operations to:

- Increase AID's Office of Energy funding by $5 million to continue a unique government/industry pre-investment funding facility (IFREE), mandated by the Subcommittee in FY'91, and direct AID's SEED program to allocate 5 percent of its program resources to assist in training of in-country practitioners, promote development of renewable energy resources and energy conservation in Eastern Europe, The Philippines and other emerging democracies.

- Formalize a goal of 5 percent of prior year energy funding of The Department for State Trade and Development Program and Eximbank to be used to finance pre-feasibility and feasibility funding of renewable energy projects, and allow OPIC to comply with the P.L. 101-218 authorization to direct $300,000 of its income for pre-feasibility funding of renewable energy projects.

- Provide directions accompanying the U.S. contribution to The World Bank and the other multilateral banks to establish renewable energy program set-asides, and report to the U.S. Congress yearly on their funding of renewable energy and energy efficiency.

The reasons for these requests are quite simple. International development programs have been biased towards large-scale, centralized, conventional energy projects and delivery systems. Increased imports of conventional energy account for an increasing indebtedness of the Third World. Energy conservation alone will not meet the growth and expectations of the developing world. Energy production through the intelligent utilization of indigenous renewable energy resources appears to be the only answer.

Our international competitors have already redirected their development assistance programs to increase the use of renewable energy resources while building their renewable energy industries, in some cases to surpass the United States. The U.S. Agency for International Development published "Renewable Energy Agriculture & Health," which clearly describes a series of cost-effective renewable energy applications-most of which can easily compete today against remote diesel generation and electric grid extension. The development programs of the United States of America must expand these renewable energy applications many-fold to promote real economic growth and curtail profound environment degradation.

THIRD WORLD RELIANCE

One of the most overwhelming economic issues facing the developing countries is how to best initiate policies to deal with increasing Third World debt. This increasing debt has the potential to undermine our entire world economic system. Yet in the face of this reality, the basic policies of both the U.S. Agency for International Development and the international development banks (which we in-part fund), actively promote increased reliance of fossil fuels and large-scale electrical systems.

The economic arguments for renewable energy development are very clear. Greater use of indigenous energy resources will offset

conventional energy imports and decrease debt. Renewable resources are very labor intensive, greater use and will increase employment. Development of renewable energy resources will increase the rural access to energy, thus stemming urban migration and building rural economies. Use of renewable resources will promote reforestation and decrease the mining of timberland.

The basis of our request was to review basic funding data to determine the extent of support of conventional energy and power resources compare to the emerging energy technologies. As I have testified before a myriad of Congressional Committees, current international development bank financing practices are biased towards conventional fuel which contribute to greater Third World energy imports and thus greater debt. US/ECRE commissioned a study in January, 1990, to collect and review information from The World Bank and the Inter-American Development Bank regarding their funding of energy and power projects. While renewable energy is one appropriate answer and as this report suggests, much needs to be changed at The World Bank and the Inter-American Development Bank to insure greater financing of renewable energy in the near future.

As a result of the FY'91 directive from this Subcommittee, a pre-investment financing facility has been established by the renewable energy (US/ECRE), energy efficiency (NAESCO) and natural gas (AGA) industry associations with support by AID, EPA, and DOE, as well as two foundations. The International Fund for Renewable Energy and Efficiency (IFREE) will provide limited pre-feasibility study assistance, project development assistance, and technical support to the international lending institutions. Overwhelming evidence suggests that greater Third World debt may undermine the stability of western economies and continued burning of fossil fuels may dangerously alter world climate. Policies must be implemented to solutions that allow developing countries to lessen their fossil fuel dependency and thus lessen their debt and contributions to global warming. US/ECRE recommends new and innovative financing to promote renewable energy applications. Through the development of "building" techniques to aggregate financing of smaller energy projects and by establishing special financing windows, renewable energy support may be increased significantly.

The United States policy ought to be explicit. Development programs supported by the United States government must: 1) Support local resource development; 2) Offset coal, natural gas and petroleum imports;and 3) Focus on rural development through renewable energy use and support urban energy development through utility management, energy conservation and model energy privatization programs. Far too much assistance has been given to further conventional energy delivery systems which are notoriously poorly managed and it is time that our country acknowledges this fact.

THE WORLD'S ENVIRONMENT

Many agencies and experts have warned of the profound environmental degradation that has occurred through deforestation and the burning of fossil fuels. While the United States is the primary culprit for world carbon emissions, global deforestation lies at the door of the developing world. Deforestation not only contributes to global warming and climate change, but is responsible for desertification and severe flooding of coastal plains. The use of biomass resources to encourage reforestation and the institutionalization of reforestation practices to insure long term energy supply are sound policies.

While these two issues are serious, another serious environmental problem is overlooked in the Third World. Due to the lack of emission controls and adequate waste and mining practices, severe health problems are institutionalized through the greater use of

coal and diesel plants without environmental control equipment or adequate waste disposal technology. Many cities in the developing world are as bad as the industrialized nations were during our own industrial revolution in the 19th century. The health impacts are too numerous to cite in this testimony.

Energy conserving technologies such as passive solar architecture or solar hot water heating are essential to displace the need for energy production. The tourist industry uses these technologies as a matter of course throughout the Third World. Energy efficiency delivered through private service companies in the building and commercial sectors could have profound energy savings impacts. Now is the time to expand this technical experience to the mainstream of the developing world. Training and access to capital are the only two barriers to expand the use of these new technologies and delivery systems.

Both solar electric (photovoltaics) and wind energy have been proven as cost effective ways to produce electricity for remote applications which include lighting, water pumping/irrigation, refrigeration and communications. Establishment of "bundling" many small applications into large projects for easy financing is critical to move these technologies into rural areas. One of the great environmental problems affecting the developing world is the rural migration to cites. Only by spurring rural development through greater use of remote power will such trends be stemmed. Greater use of remote irrigation and water pumping can also be one of the answers to deforestation by turning deserts again, into, productive, job creating entities.

AID, The World Bank, and other multilateral banks appear to be infatuated with large-scale, centralized projects. Most of their funding support the large-scale use of coal, diesel and even hydropower. Even in our country, the investment community has begun to turn away from very large-scale electric production. Modular electric plants allow the utility sector to be more responsive to market fluctuations. And quite frankly, if large power plants are not operating to capacity, they aren't very economical.

Most utilities in the Third World are poorly managed and as a result experience great loss of electricity due to "line theft". The potential for use of photovoltaics and wind for line-voltage augmentation, all renewables for peak power and most importantly for back-up domestic power, can truely add to the viability of any utility. Most programs of AID and the development banks, while acknowledging the problem, still promote the large-scale electric approach. A reliability issue is also important in transportation fuels, particularly in sugar-producing countries, where ethanol may supplant gasoline as a fleet fuel.

Biomass, geothermal, hydropower and solar thermal technologies produce thousands of megawatts in the United States today. Their use is expanding throughout the world at a rapid rate. Our industrial competitors are promoting these technologies, which are more effectively used in smaller applications and fit best in modular production themes.

CURRENT PROGRAMS AND AUTHORITIES

The U.S. Congress has been especially sensitive to our industries' needs for export and development assistance. Under P.L. 101-218, the Overseas Private Investment Corporation (OPIC) was authorized to resurrect its feasibility program as a way to promote renewables. The Office of Management & Budget has yet to respond to allow OPIC to use its non-appropriated program income ($300,000) for this purpose in FY'90, or in FY'91. The Congress must force this issue as the attached letter indicates.

The FY'90 Foreign Operations Appropriations, the Export Import Bank of the United States (Eximbank) was directed to set-aside 5 percent of last year's energy funding to finance renewable energy development. Eximbank is working with US/ECRE to establish a one-stop renewable energy development. Eximbank is working with US/ECRE to establish a one-stop renewable energy application process for Eximbank, OPIC, TDP and AID, thus allowing the U.S. renewable energy industry to receive joint assistance in order to be more competitive in the marketplace through more flexible financing. Congress must continue its oversight role by requiring yearly Eximbank Bank accounting on renewable energy funding.

In FY'91, the Foreign Operations Appropriations Subcommittee increased the Science and Technology Directorate's Office of Energy for energy efficiency, renewable energy, and global warming mitigation programs. The Agency has made $5 million available to that office for three purposes. AID has begun to crystallize its renewable energy program and has started to work with The US/ECRE industry consortium on technology training and project feasibility financing via IFREE. The Subcommittee, in FY'92, should request an overall $25 million for the S&T Office of Energy in which $5 million should go toward innovative financing development packages, $5 million for training and market education in energy efficiency, renewable energy, and global warming mitigation support of the existing technical transfer programs such as, VITASAT, the low orbit satellite information network.

In FY'92, the U.S. renewable energy industry needs the Subcommittee to require reports from Eximbank, TDP, and US/AID on their respective progress toward these goals and to establish some practical milestones to measure achievement. Further, the industry needs some language directed to the Department of State Trade & Development Program (TDP) to parallel the directive to Eximbank which would require a set-aside goal for renewable energy assistance. Their internal leverage requirements currently are biased against small businesses (which predominate in our industry) and small projects therefore are not very useful for renewable energy development. Congressional language explicitly directing TDP to consider environmental and renewable energy tied to a set-aside would place the right pressure on TDP to be more useful in this area.

However, large-scale projects have been fostered on the developing world causing wide scale environmental degradation which will have serious health and climate impacts on all the world's peoples. Money is too scarce to be wasted on old views of technology and development. Too many times, the United States attempts to project our view of success through big energy plants or promoting energy schemes that may be unadaptable pr imdesirable to a different culture or environment. Renewable resources and energy conservation can easily meet fifty percent of the world's energy need in an environmentally benign and economically efficient way. We must begin to take advantage of these technological gains as soon as possible.

CONCLUSION

The industrialized countries must begin to set an example to improve Third World indebtedness. The industrialized nations, while establishing policies to curtail their own environmentally degrading practices, must encourage environmental-sensitive development in the Third World.

Program direction must be continued by the U.S. Congress to promote renewable energy. A major part of U.S. supported international activities must be directed towards:

1. Establishing goals for renewable energy development through TDP (5 percent set-aside) and requiring OPIC to

comply with the law to establish its renewable energy prefeasibility fund.

2. Creating innovative approaches to development including Africa 1000, VITASAT, and reverse training and education missions must be encouraged and accelerated.

3. Enhancing The S&T Office of Energy Budget to $25 million with a mandated $10 million for to carry out a set of renewable energy pre-investment (IFREE) and education activities.

4. Mandating the U.S. representative to the World Bank and other multilateral banks to support new requirements for yearly reporting of funding initiatives to encourage renewable resource and energy conservation practices, particularly by The Global Environmental Fund.

In addition, the U.S. Congress should require an extensive reevaluation of our development programs requiring the programs to be more pragmatic and more supportive of private sector efforts, particularly when they fit the mission of our development agencies. The U.S. renewable energy industries are losing world market share, primarily due to unresponsive and inflexible USAID Missions. Policies must be established to turn this around.

MEMORANDUM FROM SCOTT SKLAR

March 1991

FR: Scott Sklar
Executive Director

RE: Status of Renewable Energy Prefeasibility Fund at OPIC

Per the U.S. renewable energy industries' request, Congress created a Renewable Energy Pre-feasibility Financing Fund at the Overseas Private Investment Corporation (OPIC) under P.L. 101-218. Industry has received ample assistance from the federal interagency committee established to promote U.S. renewable energy exports, the Committee on Renewable Energy Commerce and Trade (CORECT). CORECT has worked with U.S. industry to identify hundreds of projects around the world and assist us with U.S. and international financing institutions to support renewable energy projects. However, a problem still exists that the renewable energy industry, which is primarily a small business industry, is unable to fund itself the necessary technical and economic reviews to submit for actual project financing. Therefore, the industry recommended that the U.S. government, in order to assure that we maintain our competitiveness against subsidized financing, support a pre-feasibility funding program which would be repaid by industry is the project actually received financing.

OPIC, which serves as a CORECT member, indicated a willingness to establish a pre-feasibility fund as required by law, and CORECT subsequently endorsed the concept. Since OPIC generates its own capitol via its loan and insurance programs, all that was needed was OMB to approve that $300,000 of their income be set-aside for this purpose. As you can see from the June 1990 response to Senator Hatfield, OMB has side-stepped the issue and said OPIC can use its $300,000 environmental fund which is oriented for the environmental mitigation industry that also badly needs support.

The renewable energy industry should not be put in a position to place ourselves against the interests of another industry for such a meager fund. The law requires that OPIC set up a specific fund

for renewable energy and since over half of our sales are overseas, the need for this is still very great. As can be seen from the attached March 1991 Department of Commerce cable detailing the Danish Government's new long-term subsidy to control the lucrative Egyptian wind markets, the United States must develop a flexible and aggressive set of programs to insure that we can compete. While the United States leads technologically, we may lose the potential multi-billion overseas markets in biomass, geothermal, hydropower, photovoltaics, solar thermal and wind, due to our lack of focus. Requiring compliance with the law regarding the OPIC renewable energy fund is one way to show that the United States still means business.

LETTER FROM ROBERT E. HOWARD, ASSOCIATE DIRECTOR FOR NATIONAL SECURITY AND INTERNATIONAL AFFAIRS, OFFICE OF MANAGEMENT AND BUDGET

June 15, 1990

Honorable Mark O. Hatfield
United States Senate
Washington, D.C. 20510

Dear Senator Hatfield:

The Director has asked me to respond to your letter regarding funding for renewable energy feasibility studies by the Overseas Private Investment Corporation (OPIC).

The Office of Management and Budget has not taken any action to eliminate OPIC's authority to fund environmental feasibility studies; OPIC has the discretion to fund these studies if it wishes. Although expanding OPIC's feasibility study authority in FY 1990 does not require an appropriation, it does require an increase in expenditures from OPIC's reserves, resulting in increased outlays over budget estimates.

The FY 1991 Budget proposal for OPIC includes a $200,000 increase in OPIC's spending authority for environmental activities. I suggest that OPIC should consider using these funds for renewable energy feasibility studies.

Yours sincerely,

Robert E. Howard
Associate Director for
National Security and
International Affairs

Senator LAUTENBERG. We are happy to have you here and the fact that we are speeding through does not indicate a lack of interest. It indicates only lack of time. Your statement is in the record and it is a very important statement that you make on a critical subject.

Mr. SKLAR. Thank you, Senator.

Senator LAUTENBERG. By the way, I have something similar to that film, though smaller sized, on the dashboard of a small motor boat that I own. It keeps my batteries up to snuff. Whenever I want to kick them off, I never have to worry anymore that they are not going to be ready to go.

Mr. SKLAR. That's right.

Senator LAUTENBERG. It is a wonderful device. I hope you market it well. I'll help you, if you like.

Mr. SKLAR. Thank you, Senator.

STATEMENT OF TED WEIHE, EXECUTIVE DIRECTOR, U.S. OVERSEAS COOPERATIVE DEVELOPMENT COUNCIL, WASHINGTON, DC

Senator LAUTENBERG. Next is Mr. Ted Weihe.

Mr. WEIHE. I am a sailor, too. So that's both solar and wind power.

Senator LAUTENBERG. There we go. That's the best combination.

Mr. SKLAR. We like this guy. [Laughter.]

Mr. WEIHE. I also represent, along with the other cooperatives, the National Rural Electric Cooperative Association, which has had a long period of development experience for 30 years, providing power systems in rural areas in Bangladesh, the Philippines, Costa Rica, and a lot of microhydro.

One of the problems with the power is that you do have the big dams and they bypass the rural areas where you need the productivity. So it is not only an issue of the power source; it is making sure that we get power out there to rural people.

Senator LAUTENBERG. Yes; distribution.

Mr. WEIHE. In Bangladesh, by having power which is linked so that it essentially provides triple cropping, you are able to employ the land conservation measures and so forth, so it is a very good poverty mechanism.

U.S. cooperatives have been involved in this business for 30 years. We include credit unions, housing cooperatives. We tap membership from all the States, including New Jersey or Arizona. We really were the first organizations that were geared toward basic human needs. In many ways, we are one of the few first organizations that focused on democracy at the grassroots, because, as you know, credit unions and cooperatives are democratic businesses by their very nature.

There are nine groups that work together, from telephone cooperatives to rural electric cooperatives. All the agricultural cooperatives have been engaged. We are strong supporters of foreign aid, and I think we have grassroots systems and grassroots people that we use, including volunteers.

What I thought I would speak about today a little bit is Eastern Europe. Because of long ties that we have had with Eastern Europe, with some of the cooperatives that were legitimate—a lot were not, of course, in that part of the world—the fact that our technology is appropriate, the fact that we are trying to build democracies in these countries, U.S. cooperatives made an immediate commitment toward Eastern Europe. We are on the ground and we are making changes.

I know it is difficult back here to see progress. I am here to tell you that I came back from Poland last week and there is progress. But the progress you won't find in Warsaw. You'd have to go out to the rural areas, where you have the newly elected mayors and governors and others who are really implementing the changes, I think.

The sort of help that we are providing is we are sending volunteers. We have sent over 50 volunteers to Poland alone. We will be sending another 215 volunteers, mostly in the agricultural sector, trying, first of all, to make their cooperatives real cooperatives. In Poland, of course, the farmers were independent. But everything around the farmer was controlled by state entities. We are trying, essentially, to give the power to the farmers to take over the process in their transportation and marketing functions that we kind of accept in our country, but is not possible there.

We are having great progress. We are either taking old cooperatives and making them real, democratic, farmer-owned cooperatives, or we are starting from grassroots.

For example, we are trying to create model telephone cooperatives. In Poland, there are only 2.3 phones per 100 residents in rural areas. Of course, 40 percent of the population is in rural areas. The communists did not really like telephones too much.

Senator LAUTENBERG. They also did not like sewage treatment.

Mr. WEIHE. That's true.

Senator LAUTENBERG. I don't want to divert you from your statement, but that is an area of active interest of mine.

Mr. WEIHE. Well, of course, Rhea Saltzman of the Water Foundation we have worked with, in fact, and the farmers don't have water as well. I have seen that lack also.

The difference, I think, with telephones is that telephones can be a profitable operation, whereas water is generally going to be a public responsibility. I think that we can make profitable small telephone cooperatives work in Poland as a way of bringing telephones there through self-help action. There are 1,500 social telephone committees that exist that want telephones that, quite frankly, have the money. They are willing to raise a great deal of the money. Working with one of the major U.S. suppliers of telephone equipment, we are going to be able to set up some model systems there.

PREPARED STATEMENT

We are also involved in the agricultural sector, in terms of training and technical assistance; in the housing area, with cooperative housing groups. All I can say is that our projects are going. They are on the ground. It has been a slow startup, as all these things are, with AID. We will get the projects going and I think you are going to see results. I think that the democratic type of development we are doing, both in Poland and in Eastern Europe, will have a major impact in the next few years.

Thank you.

Senator LAUTENBERG. I certainly hope so. The latest proposal by President Walesa is very interesting, and that is to vote directly for the people you want. That's not so popular in communist dominated societies, but I think it is a great idea. [Laughter.]

Thank you very much.

[The statement follows:]

STATEMENT OF TED WEIHE

Mr. Chairman, I appreciate the opportunity to testify before the Subcommittee concerning the foreign assistance appropriations for FY 1991.

The U.S. Overseas Cooperative Development Council, formed in 1961, is a private nongovernmental organization which represents more than 60 million members of U.S. cooperatives and their commitment to assisting cooperative development abroad. OCDC is composed of nine cooperative development organizations:

* Agricultural Cooperative Development International
* Cooperative Housing Foundation
* Credit Union National Association/World Council of Credit Unions
* Land O'Lakes
* North American Association of the International Cooperative Insurance Federation including League Insurance Companies, CUNA Mutual, Nationwide Insurance and other cooperatively based insurance companies
* National Cooperative Business Association
* National Telephone Cooperative Association
* National Rural Electric Cooperative Association
* Volunteers in Overseas Cooperative Assistance

Currently, U.S. cooperative development organizations are engaged in over 70 long-term technical assistance projects in 45 developing countries as well as Central and Eastern Europe. These projects bring economic benefits to millions of people overseas but, more significantly, build grass-roots democratic institutions. Low and moderate income people participate and practice democracy in cooperatives at its most basic roots - in their communities and by their hands raised at cooperative elections.

Central and Eastern Europe

Last year, the Committee provided $40 million for agricultural development and $15 million for housing assistance to Central and Eastern Europe. We strongly support these priority areas. Unfortunately, the House has deleted these two critical accounts. Our experience in Eastern Europe indicates that agriculture and housing are the most responsive to the introduction of free market principles. They offer the greatest opportunities for early success. Unlike manufacturing and other fields, the U.S. expertise in agriculture and housing is mobilized and having an immediate impact. We encourage the Committee to continue these two focuses in FY 92.

First, we want to thank you, Mr. Chairman, for your encouragement and support for the involvement of U.S. cooperatives in technical assistance to the region.

Second, we share your concern about the long start-up period in providing assistance at this critical time to the economies of the region. We agree with your charge to be bold, take risks and be innovative. U.S. cooperatives are meeting your challenges.

Working closely with A.I.D., we see steady progress: projects are beginning to be implemented and concrete results will soon occur. Because U.S. cooperatives have long ties to the region and received early seed funds, we are already having an impact.

Third, we want to report to the Committee on our progress in implementing projects. During the last year, Volunteers in Overseas Cooperative Assistance (VOCA) placed over 50

Farmer-to-Farmer volunteers in Poland. This early work was positively evaluated by local organizations in March, 1991. These efforts focus on private farmers and agribusiness in Eastern Poland and include:

* establishing and strengthening private agricultural cooperatives and other agribusinesses to meet the challenges of a free-market system

* creating a private rural enterprise in food and feed processing

* redirecting agricultural extension services to focus on private farming and agribusinesses

* reorganizing and restructuring the cooperative banking system

* privatizing state enterprises operating in rural areas

Several Polish agribusinesses have made great strides with VOCA help. A horticultural cooperative in Kleczanow is undertaking an apple export program and has completed a feasibility study and business plan for a loan for automated box packing. Agro-Wisconsin Cooperative in Olsztyn has been helped in management and the installation of a modern accounting system. Overseas markets for the cooperative's boiled beef and powdered milk have been analyzed and financing has been secured for the purchase of a refrigerated truck to export perishable products. A private company established by twelve poultry farmers in Llawa has been helped to plan and secure financing for a processing plant.

A.I.D. will continue to support VOCA volunteers in these successful efforts in Poland and to expand the program throughout Central and Eastern Europe. At least 210 volunteers will be sent to Poland, Bulgaria, Hungary and the Czech and Slovak Federal Republic, and later to Romania and Yugoslavia.

In 1990 and early 1991, there has continued to be strong interest in Central and Eastern Europe for the introduction of credit unions. Technical assistance requests have come from Poland, Hungary, Bulgaria, the Czech and Slovak Republic, as well as from the Soviet Union and individual republics. Technical teams from the World Council of Credit Unions have visited Poland and Hungary, and preliminary fact finding visits have been made to the Soviet Union.

A local Foundation for Savings and Credit Unions in Poland has been established, with World Council help, to provide technical assistance and training to create credit unions. The World Council and the Polish foundation have submitted a development program to A.I.D. which is under consideration for funding. These initial efforts which have involved the full participation of Polish representatives in designing the program, the voluntary contributions of U.S., Canadian and Irish credit union executives, and the participation of local cooperatives in these countries for on-the-job training.

In 1991, the Polish Parliament is expected to approve amendments to existing legislation to permit credit unions to become operational this year. The "savings and credit unions" will focus on mobilization of local savings, not external capital. Polish policy makers view savings and credit unions as essential to a balanced financial system and as a means to make established banks more efficient and responsive to clients.

In Hungary, two traditional cooperative groups requested technical assistance to help organize or convert into credit unions. Hungarian representatives visited the U.S., Canada, Ireland and Korea to learn about credit unions and they have formed a Promotion Committee. This committee has adopted a work plan for 1991. Its first priority is to obtain enabling legislation for credit unions.

The World Council sent a fact finding mission to the Soviet Union in January 1991 and found strong interest by the Central Union of Soviet Consumer Cooperatives in credit unions. A working group is expected to be formed soon. Fact finding missions are planned to Bulgaria and the Czech and Slovak Federal Republic later this year.

The challenges which the World Council of Credit Unions face from this high level of interest are: (1) to demonstrate how credit unions differ from current cooperatives and financial institutions; (2) to seek enabling legislation; and (3) to find sufficient financial and human resources for collaborative approaches to credit union development.

Given the crucial role that credit unions can play in stimulating open societies and a free market, we encourage the Committee to allocate $5 million in FY 1992 for credit union development within the region.

In Eastern Europe, Land O'Lakes is undertaking three major programs. First, a three year training program is currently underway in Poland for farm management, production skills and agricultural services for small entrepreneurs in to initiate and expand agricultural enterprises. The program exposes Polish professionals to the workings of the free-market including agricultural production, processing, marketing and distribution systems. The training focuses on dairy producers, swine producers and agribusiness professionals. The production trainees are placed with farm families for five months with an additional month of more structured technical training. The agricultural interns are at entry level positions within local cooperatives, research stations, farm credit services and agribusinesses.

Second, in cooperation with the Humphrey Institute of the University of Minnesota, Land O'Lakes will soon be conducting enterprise training in agribusiness and working with a regional Polish university for creating a center of excellence in dairy extension over the next two years. The training effort will also take place in Hungary.

Third, Land O'Lakes will be launching a major $4 million dairy training program throughout the region to privatize state-owned dairy facilities and to train new management in all fields of private operations.

Land O'Lakes recently decided to make a major private investment to take over a Polish state-controlled feed mill and turn it into a private sector operation. Other investment and trade opportunities are also being examined.

Agricultural Cooperative Development International (ACDI) is launching several creative programs to develop agribusiness in Central and Eastern Europe. In November 1989, ACDI led a team of nine cooperative experts to assess the state of Polish agriculture and agribusiness. The report was widely used as a basic resource document on Polish agriculture and formed a foundation for subsequent programs.

ACDI will undertake a program of training in the U.S. and the region as a companion to the current Farmer-to-Farmer activities in Eastern Europe. The focus is on improving the performance of private farming and agribusiness with training conducted at ACDI member agribusiness cooperatives, observational tours of U.S. farm systems, and short courses in the region and at U.S. universities.

ACDI assisted the World Bank design its agricultural development project in Poland to promote private cooperatives and establish six regional cooperative banks. The project calls for $100 million in capital assistance by The Bank and $20 million in technical assistance co-financed largely by the EC. ACDI has proposed parallel financing by A.I.D. for technical assistance in the creating regional cooperative banks as a private sector alternative to the state-owned Bank for Food Economy to channel the capital assistance and service the 1,665 existing local cooperative banks. Preliminary project approval has been received from A.I.D.

With the Mid-America International Agricultural Consortium, ACDI developed a concept for a Fund for Agricultural Reconstruction and Market Development. The fund is modelled on the enterprise funds which the U.S. organized in Central and Eastern Europe. The fund would be capitalized with local currencies generated through the sale of U.S. food aid. A key element of the proposal is that the U.S. food aid would be sold through private markets, unlike the current U.S. practice of selling through state trading agencies, with local currency proceeds moving through state budgets. The bulk of the fund would be directed toward credit and investment, with the balance for technical assistance and training. A provision in the recently enacted Farm Bill calls for such an innovative approach to developing private markets in this manner.

The fund would be a private organization, headed by a board of distinguished agricultural bankers and agribusiness executives. Thus, the fund would be an ideal mechanism should the U.S. decide to provide technical assistance to the USSR, as it would avoid the vexing dilemma as to which government - central or the republics - would receive the aid. If used in the USSR, the fund would help influence the move toward a market economy, work to straighten out the food distribution system, and spur increased agricultural imports from Eastern Europe.

After an initial assessment, the National Telephone Cooperative Association found strong interest by the Polish government and rural leaders, including Rural Solidarity, for the introduction of rural telephone systems based on the U.S. REA model. There are only 2.4 phones per 100 rural residents and a 13-year nationwide waiting list of nearly two million customers.

NTCA has launched a technical assistance program to create pilot rural telephone systems in Poland. The model systems are intended to be expanded into a nationwide, comprehensive program. Polish leaders recognize the importance of adequate telephone service to modernize agriculture, strengthen the free market and support grassroots communications essential to democracy. NTCA will also train rural social telephone committees, which exist in areas without telephone service, to organize themselves into telephone cooperatives.

NTCA has selected four sites for its initial pilot systems and will be working closely at the community level with a major U.S. based telecommunications manufaoturing firm in establishing small rural telephone cooperatives. They will be able to gain licenses for operations on January 1, 1992 when recently passed

telecommunications legislation permits competition with the state monopoly.

Last fall, U.S. cooperatives sponsored a visit to the U.S. by Vice Marshal Josef Slisz of the Polish Senate, who founded Rural Solidarity, to see how our rural telephone system works. As a result, he returned to Poland convinced that a similar approach could work in Poland. Senator Slisz and other members of Parliament modified legislation for privatizing telecommunications to take the first steps to establish a REA-like financing entity.

This summer, the National Cooperative Business Association will establish a Cooperative Trade and Business Development Center in Central and Eastern Europe to provide technical assistance, training and equity capital to local cooperatives and to link U.S. cooperatives with investment ana trade opportunities.

U.S. cooperatives will play an active role in business and trade ventures, provide technical assistance and training, and share in financing its operations. The center will provide a focal point to identify business opportunities for participating cooperatives. It will provide technical assistance to Eastern European cooperatives such as updating and improving business operations, food processing, quality control and marketing. It will co-finance Eastern European cooperatives through an equity fund and loans. The center also will identify potential markets for U.S. cooperative products and counter-trade opportunities.

Five cooperative businesses and the Cooperative Development Foundation have agreed to invest a total of $750,000 for five years in the center. They are Land O'Lakes, Indiana Farm Bureau Cooperative Association/Countrymark, World Wide Sires, Nationwide Insurance, and Ag Processing.

In Poland, approximately three million people are waiting for homes. Young people get married and move in with their parents for an average of six years or more, and a waiting period of up to 15 years for an apartment is not uncommon. In older houses, conditions are often unsafe, unsanitary and primitive with no water or electricity, and in new dwellings the plumbing and heating are frequently deficient. The production of housing lags far behind demand.

Last year, the Cooperative Housing Foundation undertook a comprehensive assessment of cooperative housing in Poland to identify its problems and potential for increasing production within a private market system. CHF found that indeed the potential is great and that the government strongly supports movement towards democratically-based, private sector housing cooperatives to help solve the housing problem.

Housing cooperatives are seen as providing a basic democratic underpinning at the community level, where newly elected local governments are attempting to successfully achieve economic and social progress in the transition to a market economy. With A.I.D. support, CHF has provided technical assistance to local governments and housing cooperatives in the design of model projects in two regions of Poland. These models can serve as examples to other housing cooperatives for providing affordable housing within a private market system.

CHF plans to take this model approach to other Central and Eastern European countries this year. CHF has undertaken a preliminary assessment in the Czech and Slovak Republics and plans to visit Hungary next month. CHF will be providing

management and training assistance throughout the region for improving housing stock and basic living conditions.

In sum, we believe that the Committee is on target in its focus of assistance to Central and Eastern Europe. We urge retaining accounts of $40 million for agriculture and $15 million for housing in FY 1992. Alternatively, we recommend earmarking or setting targets these critical activities.

Further, we urge that funds should be designated for credit union development in the region. We also encourage report language for the creative uses of Food for Peace and other donated commodities through private, rather public channels in Eastern Europe, including the use of local currencies to build private agribusinesses and cooperative banks

Cooperative Development

In previous years, your Committee has included report language supporting private voluntary organizations and cooperative development. We recommend a continued level of central funding for the Office of Private and Voluntary Cooperation (PVC) at $60 million including $6 million for cooperative programs.

After extensive discussions with A.I.D. on its reorganization plans, we have come to the conclusion that cooperative program should remain in the PVC office. This placement is consistent with the Senate authorization bill which would create a Center for Voluntary Cooperation. The center would upgrade the role of private organizations in their partnership with A.I.D.

Dairy Development

We want to thank the Committee for its support for dairy development in A.I.D.'s agricultural account. This program builds markets for U.S. dairy products and technologies, strengthens agricultural development efforts through assistance to small dairy farmers, and boosts local milk and dairy product consumption for better community nutrition.

Because of reduced worldwide surpluses, developing countries are giving priority to developing their own domestic dairy industries to provide much needed nutrition for their vulnerable populations, especially children. The program has supported assistance to small farmers, private companies and cooperatives in over 15 developing countries.

The dairy development program, initiated by the Committee in FY 1986, has largely been undertaken by Land O'Lakes. Unlike other participants in development efforts, Land O'Lakes applies its company experience in introducing and developing a complete farm-to-consumer system in a developing country. With 500,000 members, Land O'Lakes provides foreign agriculturalists hands-on training and business experience at an appropriate level of technology. Through an extensive communications network, Land O'Lakes also educates its members and rural communities about the importance of U.S. foreign assistance and the opportunities for international markets for U.S. agricultural goods.

Through its research department, Land O'Lakes has developed a processed, caloric and vitamin fortified dairy food product which can incorporate biologically active proteins. These proteins are present in milk and have already proven to be effective in the prevention of diarrhea in animals and humans. Land O'Lakes also has applied its research to assist dairy plants in developing countries to produce an aseptic, safe liquid oral rehydration solution. Both the diarrheal preventative and therapy can combat world hunger, malnutrition

and reduce infant mortality. Land O'Lakes is exploring the application of these technology breakthroughs with A.I.D. towards their utilization in developing countries.

We encourage the Committee to continue the $5 million dairy earmark in FY 1992.

Microenterprise Development

We encourage your continued support for microenterprise development in FY 1992 at $85 million including locally-generated currencies. In our opinion, funding provisions and report language should place an equal emphasis on institutional development, and not so exclusively on targeting of beneficiaries.

Credit Unions in Africa, Asia, the Caribbean and Latin America have actively promoted development through productive lending from their inception. In 67 developing countries, 8.7 million members in 17,000 credit unions have accumulated $1.8 billion in local savings. It is estimated that these credit unions are serving about 1.7 million small-scale entrepreneurs with an annual loan volume of $300 million, Thus, credit unions are a significant source of financing for micro and small-scale entrepreneurs. Rather than rely on outside finances, credit unions provide loans based on local savings of members. Few A.I.D. supported microenterprise programs focus on the institutional development of credit unions and their ability to reach increasing numbers of self-employed poor.

Credit unions and cooperatives are committed to implementing programs which reach the poorest sectors of developing countries. Yet, our experience indicates that attempts to overly target such programs will make it almost impossible to establish self-sustaining institutions.

In recent years, concern has been expressed that the microenterprise activities of A.I.D. may not be properly focused. Congress has set guidelines and directives to reach the very poor. Our concern is not with the intentions of these directives, only that too rigid applications of such targeting can endanger the effectiveness of the overall promotion of microenterprise development. Rather than rigid lending criteria, we encourage report language that requires A.I.D. to work with development practitioners to better undertake effective outreach to poverty groups.

Report language which focuses only on lending targets overlooks the important need to strengthen institutions capable of mobilizing and channelling local savings into microenterprise credit institutions, which are self-sustaining, not dependent solely on donor financing. Recently, the manager of the credit union federation in Malawi reported that he had been approached by a multilateral bank with an offer for a multi-million loan package for microenterprise. Credit unions in Malawi, a country with average yearly incomes of less than $160, are among the few, if only, institutions capable of effectively reaching the very poor. Yet, the manager and his elected board turned down the offer because they did not believe the institution could handle the program at its present stage of development. The credit unions need institutional development before undertaking such a large microenterprise lending effort.

Since microenterprise lending should be based on local savings and such institutions are often weak, we believe institution building is as important as capitalization of direct credit programs.

We urge the Committee to set aside $5 million in FY 1992 from the Office of Energy to begin such a multi-year, rural electrification initiative in Africa. Initial efforts would focus on regions and countries with major untapped water supplies and fertile soils where small hydroelectric generation would be integrated into rural grids for agricultural production. A regional approach would be undertaken for Uganda, Rwanda, and Burundi and country-specific programs in Cameroon, Sierra Leone, Congo, Guinea, Ghana, Madagascar, Zambia and Malawi.

In addition, NRECA's worldwide efforts can integrate the Committee's global warming initiative with rural electrification projects. NRECA has helped organize thousands of consumer-owned and locally-controlled electric distribution systems. They can be significant partners in a global warming strategy because the rural electric cooperatives address issues of inefficient agriculture leading to slash-and-burn; preservation of forestlands to protect vital hydroelectric resources; and renewable energy resources that can help meet the need of the 2-3 billion people in rural areas. For example, these systems can link sweat equity agreements for new rural electric extensions to reforestation projects.

Reforestation, which reduces erosion and siltation, is important in protecting banks and streams to preserve existing and potential hydroelectric capacity. Targeted reforestation efforts can be undertaken in conjunction with the development of renewal hydro-power generation.

A strong sustainable forestry program can support electric distribution systems through the planting of trees for utility poles. Tree farming for poles can reduce the cost of distributing electricity in some rural areas by as much as 50% because of the high cost of concrete poles. Wood utility poles can provide a source of local income and encourage wise forest management practices.

Finally, U.S. rural electric cooperative expertise can be used in joint energy efficiency and reforestation programs. Several U.S. rural electric cooperatives, including Pierce-Pepin Electric Cooperative in Ellsworth, Wisconsin, have offered to make voluntary contributions for the preservation of tropic forests and reforestation to offset their carbon dioxide emissions.

We again encourage the Committee to maintain the earmark of $5 million in FY 92 for new project activities to support rural electrification and to expand its geographic focus to include all of Central and Latin America.

<u>Basic Shelter</u>

Adequate shelter is a basic need in all societies, industrial or developing. However, in the developing world, shelter needs are so immense that the people themselves are forced to solve their housing problem as best they can with limited resources. This phenomena is often referred to as the "informal sector" approach in contrast to public or private institutions that traditionally finance or build houses. For example in the Caribbean, it is estimated that 50 to 70% of new housing is by the informal sector; in South America and Africa, 20 to 70% of the urban population live in informal settlements. Typically, these informal settlements lack water supplies, sanitary systems and electrification. The rural dweller faces similar deprivation: lack of the most basic facilities and no assistance to improve his situation.

U.S. cooperatives hope to end unproductive discussion among advocacy groups and others with respect to loan limits and targeting of the poor. We are heartened by progress in the dialogue on Capitol Hill among members championing this important type of assistance. More attention is now being put on the real issues of microenterprise lending.

However, we still do not see sufficient attention being placed on institution building and especially on the role of credit unions and cooperatives in such lending. We encourage the Committee to stress the importance of cooperatives and credit unions in its microenterprise report language for FY 1992.

Rural Electrification

We wish to acknowledge the leadership of the Committee in supporting energy development and rural electrification. In particular, we urge your continued support for the rural electrification initiative in Central America and to extend the program hemisphere-wide. This program, administered by the National Rural Electric Cooperative Association (NRECA), is addressing critical obstacles to increasing productivity and alleviating poverty in rural areas.

This multi-year initiative has strengthen the development of decentralized electric systems throughout Central America based on the successful U.S. REA model. The program has spurred national power authorities to develop realistic efforts to bring electricity to unserved rural areas; and leveraged considerable domestic and multilateral bank funding for these purposes. Existing rural electric cooperatives have been strengthened and, in Costa Rica, have formed a consortium for needed power generation.

Access to electricity is essential for agricultural progress, crop diversification and value-added processing. Now is the time to apply the lessons-learned from the successful rural electric experience in Latin America and Asia to Africa. Currently, it is estimated that less than five percent of the rural population in Sub-Sahara Africa have access to electricity. In many African countries, there is virtually no rural electricity at all.

Recurring famine can not be halted without the introduction of rural electricity for irrigation, food processing and other productive activities. Most opportunities for gravity flow irrigation have already been exploited and ground water irrigation, based on electric pumping, is essential to reverse the decline in African agricultural productivity.

Inefficient slash-and-burn agriculture and deforestation for cooking fuel can not be addressed without reliable rural power networks. While solar and biomass systems offer some promise, rural power networks, similar to the efforts underway in Ghana and the Ivory Coast, must be designed. In general, untapped small hydropower systems at national and regional levels can generate the needed electricity while cutting down on the high cost of imported oil.

NRECA has decided to begin to tackle the enormous infrastructure challenge for rural electrification linked to agricultural productivity in Africa. Based on decentralized private organizational systems and funded by multilateral sources, NRECA plans to adapt rural electricity models to Africa which have proven successful in Bangladesh and other poor Asian and Latin American countries.

We encourage the Committee to continue U.S. contributions at $400,000 in FY 1992 to the United Nation's Centre for Human Settlements (UNCHS). Habitat assists developing countries in the development of sound human settlements policies.

The Cooperative Housing Foundation (CHF) worked with Habitat from 1980 to 1989, providing planning and management assistance to Dodoma's low cost, cooperative housing program in the newly designated national capital of Tanzania. This project approach, based on the U.S. experience with democratically organized cooperative housing, could be usefully replicated elsewhere in Africa, and we urge the Committee to encourage Habitat to work with CHF in this regard.

Working with A.I.D., CHF has also undertaken an innovative Cooperative Neighborhood Improvement and Job Program in Central America. This program provides revolving loans to grassroots community groups, including credit unions and housing cooperatives, to improve local living conditions. This successful model is being replicated in the Philippines and, in our opinion, should be extended throughout Africa where the shelter needs are the greatest. Such self-help, community-based approaches can maximize benefits, with modest A.I.D. resources, to provide minimum shelter for low income Africans.

Thank you.

STATEMENT OF ROGER P. WINTER, DIRECTOR, U.S. COMMITTEE FOR REFUGEES, ALSO REPRESENTING LUTHERAN IMMIGRATION AND REFUGEE SERVICE, AMERICAN JEWISH COMMITTEE, CHURCH WORLD SERVICE, U.S. CATHOLIC CONFERENCE

Senator LAUTENBERG. We will hear now from Roger Winter, Sao Ying Sita, Harold Bradley, and Harold Sullivan.

Hello, everybody. Welcome.

Do we have everybody on the panel?

Father GEORGE. Actually, Father Bradley is sitting in the back. But he doesn't mind doing so. I am Father George.

Senator LAUTENBERG. OK. I know another Bradley, who is my colleague, as you know, and I usually sit in the back. [Laughter.]

The testifiers will be Mr. Winter, Ms. Sita, Father George, and Mr. Sullivan.

Mr. Winter will be first. There is a 4-minute time limit.

Mr. WINTER. Thank you for listening, Senator. It has been a busy day, I am sure.

I am representing the U.S. Committee for Refugees, the American Jewish Committee, the Lutheran Immigration and Refugee Service, the U.S. Catholic Conference, and the Church World Service, which collectively represent millions of caring Americans who are concerned about refugee issues. All have submitted statements for the record. We differ in our constituencies and our priorities, but we are united on pursuing adequate funding for refugees, whether they are refugees to be resettled in the United States or whether they are refugees who will never be coming here.

It is the latter group that I am particularly going to talk about. It is the overseas assistance that we provide for refugees in Africa, in Asia, for people who will never be coming here.

Basically, the United States provides funds for overseas refugee care in the Migration and Refugee Assistance Account and the Emergency Refugee and Migration Assistance Fund.

We provide from this country food and other commodities for refugees. But the real issue is cash. It is cash that supports the U.N. High Commissioner for Refugees, the International Committee of the Red Cross, the U.N. Border Relief Operation for Cambodians, and others.

The GAO, in March, issued a report which is very enlightening about the U.S. role in supporting overseas care of refugees. Basically, it points out that we continue to be the largest donor, but that we have consistently declined over the last decade in our share of support for overseas refugee serving organizations.

The administration's request for 1992 is an increase over 1991. But we believe it is about $150 million short of where it ought to be. So far, at least, the authorizing committees in both Houses and the appropriating committee in the other body seem to agree with us.

This is because the administration's request is based on 15 million refugees when, in fact, there are over 18 million refugees in the world. The number of refugees has gone up tremendously in just the last 6 months. If you take the last 18 months, it has been a tremendous increase. Dollars have not kept pace with the numbers.

If you take the U.N. High Commissioner for Refugees as the core agency, you will see that the administration's pattern of support for UNHCR is to straight-line the support over the last decade or so. It provided $120 million in 1989; it would provide $120 million for UNHCR in 1991; but there are 3 million more refugees in the world.

The key to serving existing refugee populations is the Migration and Refugee Assistance Account. It is the one that we pledge to UNHCR at the beginning of the year, our resources to; it is the one they can plan their budgets on and how they are going to manage their programs. But because of the straight-lining that is going on, basically, for UNHCR, the care of refugees overseas has deteriorated in a very substantial way.

We provided about $25 per capita for refugees in 1980. That was down to $20 per capita in 1985. It is down to $13 per capita in 1991. What it has meant is that we have eliminated refugee children's education. We have eliminated any programs that are designed to make refugees self-sufficient.

If you take just one simple example in Southeast Asia, there are currently 6,000 unaccompanied refugee minors, kids with no parents, who have been in camps there for up to 2 years. UNHCR simply does not have the staff to screen then, to either get them back home or to send them here or somewhere else for resettlement purposes.

The organizations basically are in deep, deep financial trouble. The International Committee for the Red Cross, which are the ones that we count on to go into conflict situations and serve civilians there, is undergoing a cash flow problem right now, and by August or September, it will have to begin to curtail operations.

PREPARED STATEMENT

We are asking that this committee seriously consider an appropriation of $330 million for migration and refugee assistance this year.

Thank you.

Senator LAUTENBERG. Thank you very much.

[The statement follows:]

STATEMENT OF ROGER P. WINTER

I. Summary

Thank you, Mr. Chairman, for the opportunity to present to this subcommittee the views of the U.S. Committee for Refugees, a program of the American Council for Nationalities Service. **To sum up our comments on the Administration's FY 92 budget request for refugee assistance, we believe it is at least $150 million short of what is minimally needed for the United States to make a fair and equitable contribution to worldwide refugee protection and overseas assistance.**

In 1990, the worldwide refugee population was estimated at 15 million and, in FY 91, Congress appropriated roughly $250 million for overseas assistance. By early 1991, the number of refugees worldwide had increased to 16.7 million prior to the massive Iraqi exodus. Although more than half of the estimated 1.5 million Iraqi refugees who fled into Turkey and Iran in April have returned to Iraq, there are still around 18 million refugees in the world today. The Administration's request for $253 million for overseas assistance in FY 92 was insufficient before the Iraqi refugee crisis and is clearly even more inadequate in its wake.

The State Department has requested $233.4 million for refugee assistance within the Migration and Refugee Assistance (MRA) account in FY 92, and an additional $20 million for the Emergency Refugee Migration and Assistance (ERMA) fund. **The U.S. Committee for Refugees believes that at least $330 million should be available in MRA for overseas assistance in FY 92, and that the ERMA fund should be replenished by at least $75 million.**

The world's refugee population has been rising steadily, from 2.5 million in 1970, to 7 million in 1980, to more than double that a decade later. Up until the mid-1980s, U.S. contributions for humanitarian assistance generally kept pace with this explosive growth. Then for a disastrous five-year period from 1985 to 1989, while the number of refugees grew from 10 million to 15 million, U.S. funding for critical overseas aid and protection programs declined.

Substantial shortfalls in the 1990 general program budget of the UN High Commissioner for Refugees (UNHCR) forced that agency to make painful, across-the-board cuts of 15 percent or more in such vital program components as sanitation, nutrition, health, water supply, and education. Delayed and inadequate donor responses to special program appeals disrupted vital initiatives ranging from emergency feeding programs to promising repatriation opportunities.

Similar deficits have plagued the International Committee of the Red Cross (ICRC), the UN Border Relief Operation (UNBRO) for Cambodian

displaced persons in Thailand, and, to a lesser degree, the UN Relief and Works Agency for Palestinian refugees (UNRWA), and the International Organization for Migration (IOM), to name just the most prominent.

An adequate response to refugee protection and assistance starts with an adequate budget for general programs to serve the known populations and their identified needs. The level of MRA funding establishes the basis for all general budgetary and programmatic planning on the assistance side as well as providing for the admission of refugees to the United States, an equally important component of the U.S. refugee program.

ERMA funding must be preserved for new refugee emergencies such as we have witnessed recently in Liberia, Somalia, and Iraq. Sufficient resources in ERMA give the State Department the capacity to respond to the many different special appeals issued through the course of the year by UN agencies and the ICRC.

In FY 91, for the first time since 1985, the MRA budget for overseas refugee assistance exceeded $200 million. With the growth in refugee numbers worldwide, however, the U.S. per capita contribution for overseas assistance has shrunk from $20 per refugee in 1985 to $13 per refugee this year. **Factoring for inflation, we feel that U.S. contributions for refugee assistance and protection, as reflected in the MRA budget, should provide at least $25 per refugee.**

This year marks the second in a row that the Administration has asked for an increase in the MRA budget for refugee assistance. The budget request for FY 92 is a welcome and encouraging step in the right direction. But refugee flows, once again, outpace these increases and call for greater contributions on the part of donor countries throughout the world.

Mr. Chairman, we are still some way from saying that U.S. contributions to worldwide refugee assistance and protection have returned to our historical levels of generosity, but **an appropriation of $330 million in MRA for refugee assistance in FY 92 with an additional $75 million for ERMA would give our government the essential resources it must have going into a new and undoubtedly difficult year. Anything less could spell tragedy.**

II. Migration and Refugee Assistance (MRA)

The Administration's request estimates that "the number of refugees in first asylum countries is expected to remain at approximately 15 million. In fact, that estimate was somewhat low even when it was made in January 1991. And in the aftermath of the Persian Gulf refugee crisis, the U.S. Committee for Refugees estimates the current worldwide refugee population to be around 18 million.

To accommodate this increase, and to address specific regional and programmatic shortfalls in refugee assistance, USCR is seeking at least $330 million in the MRA refugee assistance line-item, a nearly $100 million increase above the $233.4 million requested by the Administration.

A recent report prepared by the U.S. General Accounting Office (GAO) entitled "Refugee Assistance: U.S. Contributions for the 1980s" concluded that, from FY 1980 to FY 1989, the United States contributed about $9.7 billion in cash, commodities, and in-kind contributions for refugee admissions, resettlement, and overseas assistance. This amounts to about $1 billion per year, of which roughly two-thirds was spent on refugee admissions and domestic resettlement services, and one-third was spent on overseas assistance.

It is interesting to note that in FY 1980, the $1 billion spent by the United States admitted more than 200,000 refugees and, counting AID cash and food donations as well as ERMA funding, provided the equivalent of $37 per capita in relief assistance to the world's 7 million refugees. In FY 1989, $1 billion resettled 100,000 refugees and, again counting AID contributions along with both ERMA and MRA funds, provided $27 per capita in overseas assistance to the world's 15 million refugees. Ten years later, the refugee dollar wasn't buying as much and was being spread much thinner.

The GAO report also noted that "the United States was the largest donor to all but one of the four major international refugee relief organizations, annually contributing an average of over 20 percent of their total budgets during the decade." But the report added that "during the last half of the decade, U.S. contributions to these organizations declined both in terms of amounts and as proportions of their annual contributions received."

Taken together, UNHCR, UNRWA, ICRC, and UNBRO received about $2.2 billion in cash and food aid from the United States in the 1980s, of which UNHCR received almost $1.2 billion. What is critical to point out here, letting the case of UNHCR stand for the whole, is that U.S. contributions to UNHCR totalled roughly $120 million per year from 1980 to 1989, even while the worldwide refugee population was more than doubling in size. In 1991, with a global refugee population of 18 million, the U.S. contribution to UNHCR from both MRA and ERMA funds will again be about $120 million.

When the three other major donors--Japan, Germany, and the United Kingdom--are also guilty of this kind of straightlining, it is not hard to imagine the devastating effect on UNHCR program capacity, and on assistance and protection services worldwide, in the face of the decade-long refugee population boom.

In 1990, with roughly half the per capita resources it had ten years earlier, UNHCR was forced to substantially reduce sectoral budgets for food,

water, sanitation, health/nutrition, education, shelter/infrastructure, income generation, and legal assistance/protection by anywhere from 15 to 35 percent. According to a June 1990 report by UNHCR, financial constraints have also compelled the agency "to reduce or even eliminate its presence in areas where there are continuing protection problems." In other instances, the report noted, "there is a tendency for government officials to link restrictions on refugee rights to UNHCR's inability to provide the funds required to maintain refugees adequately."

Budget cutbacks have also substantially slowed the pace of several local integration as well as repatriation efforts, thus prolonging the need for care and maintenance programs.

U.S. contributions to ICRC have averaged about $30 million per year in the 1980s, although annual contributions have fluctuated widely. From 1980 to 1985, the U.S. contribution to ICRC rose from about $10 million to nearly $55 million, but this figure has been declining ever since. In FY 1991, the trend reversed itself, and it is likely that U.S. contributions to ICRC from both MRA and ERMA funds will exceed $40 million, though this is largely due to a $7 million contribution for activities in the Gulf.

The GAO report noted that U.S. contributions for overseas refugee assistance in 1989 totalled $418 million, far the highest annual sum for the decade. While this is an important and impressive figure by almost any measurement, it bears closer scrutiny. Of that total we see that $47 million came from ERMA funds, which provide cash infusions for specific refugee emergencies, usually involving unexpected mass asylum crises. An additional $167 million came in the form of food commodities donated through AID and the Department of Agriculture. Less than half, or $193 million, was contributed from the Migration and Refugee Assistance account.

When the State Department pledges its initial annual contributions to UN High Commissioner for Refugees, the International Committee of the Red Cross, the International Organization for Migration, the UN Relief and Works Agency for Palestinian refugees, and the UN Border Relief Operation for Cambodian displaced persons in Thailand, it does so based on what is available in the MRA overseas assistance budget. It is on the basis of such pledges and general contributions that agency operating budgets are established, staffing plans drawn up, and overall program objectives set. It is from these general monies that the refugee assistance and protection infrastructure is erected. And it is precisely here that U.S. funding, indeed contributions worldwide, have been most inadequate in the last five years.

ERMA funds, AID food donations and the like, count for a great deal in specific emergencies, but they are no substitute for basic operating budgets. An adequate response to refugee protection and assistance starts with an

adequate budget for general programs to serve the known populations and their identified needs. That is why we feel it is so imperative that Congress appropriate a meaningful increase in the FY 92 MRA budget.

An appropriation of $330 million for MRA in FY 92 would give the Administration the capacity to increase its general program contribution to UNHCR to perhaps $180 million, ICRC to $45 million, UNRWA to $70 million, and UNBRO to $15 million, while leaving a meaningful amount left over for IOM, PVO/Special Projects, and other specific initiatives.

II. Emergency Refugee and Migration Assistance (ERMA)

When the Administration submitted its request for a $20 million replenishment of ERMA in FY 92, the fund held $59 million. By late May 1991, drawdowns for Gulf evacuees and refugees from Africa and Iraq had reduced ERMA to about $6.3 million. The budget supplemental signed by President Bush on June 14 has replenished ERMA with an additional $68 million. Additional drawdowns for the Persian Gulf, Africa, and possibly Asia should bring that figure down substantially before the end of the fiscal year. The U.S. Committee for Refugees recommends that an FY 92 appropriation of at least $75 million would be in keeping with recent spending patterns.

ERMA funding must be available for new refugee emergencies such as we have witnessed recently in Liberia, Somalia, and Iraq. Sufficient resources in ERMA give the State Department the capacity to respond to the many different special appeals issued through the course of the year by UN agencies and the International Committee of the Red Cross.

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Mr. Chairman, we are still some way from saying that U.S. contributions to worldwide refugee assistance and protection have returned to our historical levels of generosity, but an appropriation of $330 million in MRA for refugee assistance in FY 92 with an additional $75 million for ERMA would give our government the essential resources it must have going into a new and undoubtedly difficult year. Anything less could spell tragedy. Thank you.

Appendix

U.S. Refugee Program Funding

Dollar in Millions											
Program	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Total
Admittance/resettlement											
Department of State											
MRA[a]	$269	$204	$146	$92	$98	$103	$105	$109	$120	$204	$1,450
ERMA[a]	0	0	0	0	0	0	0	0	2	4	6
Department of Health and Human Services	476	585	596	567	485	454	393	336	347	380	4,619
Department of Education[b]	0	23	45	17	12	22	16	16	15	16	182
Immigration and Naturalization Service	4	8	5	6	6	7	7	9	10	13	71
Subtotal	749	816	792	682	601	586	521	470	494	617	6,328
Overseas assistance											
Department of State											
MRA[a]	141	167	233	205	203	195	200	195	176	193	1,908
ERMA[a]	33	0	0	0	5	35	12	9	11	47	152
AID											
Cash[c]	15	13	10	7	11	20	11	14	10	11	122
Food[d]	70	105	37	13	44	48	70	79	161	167	794
Subtotal	259	285	280	225	263	298	293	297	358	418	2,976
Other refugee assistance											
Department of State[e]	35	41	29	31	30	48	29	43	43	49	378
Total[f]	$1,043	$1,142	$1,101	$938	$894	$932	$843	$810	$895	$1,084	$9,682

Note: Table includes only the major federal programs that either focused specifically on refugees or whose refugee costs could be quantified. It is not possible to capture all costs associated with refugees because statistics for some federal programs do not account separately for refugees relative to the general population being served.

[a]MRA is the abbreviation for the Migration and Refugee Assistance account, and ERMA is the abbreviation for the Emergency Refugee and Migration Assistance account.

[b]Funds for the refugee children educational programs were obligated by the Department of Health and Human Services through an interagency agreement with the Department of Education until fiscal year 1985. The Refugee Assistance Extension Act of 1986 (P.L. 99-605) transferred authority for this program to the Department of Education.

[c]Funding includes AID cash donations to the United Nations High Commissioner for Refugees.

[d]These statistics are estimates of the food commodities and funds for related expenses that were donated through AID and the Department of Agriculture to international organizations, private voluntary groups, and host governments and that were used to feed refugees.

[e]Figures include Migration and Refugee Assistance account funds and Emergency Refugee and Migration Assistance account funds obligated for resettling refugees in Israel, for contributions to the ordinary budgets of the International Committee of the Red Cross and the International Organization for Migration, and for State Department administrative expenses.

STATEMENT OF SAO YING SITA, THE BURMA AMERICAN FUND

Senator LAUTENBERG. Now we will hear from Sao Ying Sita.

Ms. SITA. Senator Lautenberg, I am Sao Ying Sita, Executive Director of the Burma American Fund, a nonprofit organization based in New York, which raises funds for relief and development on behalf of Burma's displaced students and refugees.

Several thousand prodemocracy students escaped massacre by the military dictatorship, and many of the 50,000 refugees fled from conscription as slave labor by the Burma army.

The distinguished volunteers who serve on the Burma American Fund's Board of Directors and Board of International Advisers include Professor Ezra Solomon of Stanford and a member of President Richard Nixon's Council of Economic Advisers, Sir Yehudi Menuhin, the violinist and conductor, and Senator Chris Schacht of Australia.

Burma was once a prospering, developing democracy. My late father, Sao (Prince) Shwe Thaike, the hereditary ruler of an ancient principality in the Shan state, was the first president, from 1948 to 1952, of the independent, democratic Federal union of Burma. He subsequently served two terms as Speaker of the Upper House

of Parliament. My mother, Sao (Princess) Hearn Hkam, was an elected member of Parliament.

In 1962, General of the Army Ne Win seized absolute power by overthrowing the elected government. His soldiers killed my 16-year-old brother, Prince Myee, who had just woken from sleep and was in his pajamas. General Ne Win arrested my father, who died 8 months later in political prison.

A year later, my mother, my immediate family, and I fled for safety to political exile in Thailand. Several years later, we emigrated to the West.

Meanwhile, back in Burma, systematic looting by General Ne Win and his corrupt military has reduced that nation to dire poverty. The United Nations lists Burma as among the 10 poorest countries. General Ne Win, however, is reputed to be the seventh richest man in the world. In 1990, his dictatorship purchased $1 billion worth of arms from China, and signed an agreement to buy 30 ground attack jets from Yugoslavia.

Burma's ancient rain forest, containing 80 percent of the world's teak, is being destroyed for quick cash, and her fishing grounds are being depleted for the same reason.

Burma's generals, who tightly control the road, rail, water, and air transportation, profess innocence in the enormous yearly flow of opium grown in Burma, which supplies more than 50 percent of the world's heroin.

In late 1988, the dictatorship reacted to massive, nationwide prodemocracy demonstrations, organized by the young students, with a series of massacres. The estimate by medical personnel was 30,000 to 50,000 killed.

In May 1990, in military-controlled elections, the people courageously voted in a landslide—more than 80 percent—for the main opposition, the National League for Democracy. The dictatorship under the same general, Ne Win, refused to transfer power and is, in fact, embarked on a vicious campaign of arrests, torture, terror, and intimidation to punish the victorious opposition, the venerated Buddhist clergy, and the entire population for totally rejecting army dictatorship.

The Burma American Fund aims to provide and develop programs in the impoverished border regions by training the displaced students, as well as villagers, in basic skills and to provide the support necessary for them to train others in their communities.

The programs include primary education and primary health care, livestock breeding, and cottage industries aimed at self-sufficiency. In a few years, we will have trained a corps of people, who would have hands-on experience at the grassroots level. Eventually, with democratic change in Burma, the border programs can easily be expanded into the interior.

Two weeks ago, the House Appropriations Committee, recognizing the pivotal role of the students in spearheading democratic change in Burma, earmarked $1 million for the displaced students, and the committee urged that a substantial amount of this program be provided through the Burma American Fund.

PREPARED STATEMENT

I urge the Senate to signal its support for the students who remain the hope and symbol of the prodemocracy movement, and thus signal to the people of Burma that America continues to keep faith in Burma's bitter struggle for democracy, decency, and human rights.

Thank you.

Senator LAUTENBERG. Thank you.

[The statement follows:]

STATEMENT OF SAO YING SITA

Senator Leahy, Members of the Senate, I am Executive Director of the Burma American Fund, an all-volunteer, non-profit organization based in New York, which raises funds for relief and development on behalf of Burma's displaced students and refugees. Several thousand pro-democracy students escaped massacre by the military dictatorship, and many of the 50,000 refugees fled from conscription as slave labor by the Burma Army.

The distinguished volunteers who serve without compensation on the Burma American Fund's Board of Directors and Board of International Advisers include Dr. Ezra Solomon, the Dean Witter Professor of Finance, Emeritus, at Stanford University (and a member of Richard Nixon's Council of Economic Advisers), Sir Yehudi Menuhin, O.M., K.B.E., the violinist and conductor, and Senator Chris Schacht of Australia.

Burma is the size of Texas, with a population estimated at 38 to 40 million (the last reliable census was taken by the British in 1931). With its vast natural resources and fertile soil and warm climate, Burma was once a prospering, developing democracy rising like a phoenix from the ashes of World War II.

My late father, Sao (Prince) Shwe Thaike, the hereditary ruler of an ancient principality in the Shan State, was the first President (from 1948 to 1952) of the independent, democratic federal Union of Burma. He subsequently served two terms as Speaker of the Upper House of Parliament. My mother, Sao (Princess) Hearn Hkam, was an elected Member of Parliament.

My family has lived for two thousand years in the mountainous country called the Shan State, where we speak a language similar to Thai and Lao. In the Shan language, the word SAO means prince or princess. I grew up speaking three languages: Shan, Burmese which is a different language spoken by the Burmese people living in the lowland plains irrigated by the Irrawaddy River, and English, the language of the British Empire which ruled Burma from the 1800s to the 1940s.

In 1947, my father united the Shan, Kachin and Chin people who inhabit the mountainous region that forms a giant horseshoe cradling the Irrawaddy River Valley where the Burmese majority lives. The people in the hills, the ethnic nationalities, signed an agreement with the Burmese in the lowland plains, who were led by the Burmese general, Aung San. This 1947 Panglong Treaty formed the basis for the multi-racial federation of states called the Union of Burma, which was given independence by the British in 1948.

Unfortunately, General Aung San, the Burmese leader most trusted by the non-Burmese people, was assassinated by a Burmese political rival before independence. His deputy, General Ne Win, succeeded him as Army chief. In 1962 General Ne Win seized absolute power by overthrowing the elected government; he set up his one-party rule, backed by his military.

My father was arrested by General Ne Win's troops during the coup in the early hours of the morning of March 2nd, 1962. The soldiers without provocation killed my 16-year-old brother, Prince Myee, who had just woken from sleep and was in his pajamas. My father, who was 65, died eight months later in General Ne Win's prison. No reason was given for his death.

A year after his death, my mother and immediate family and I fled for safety to political exile in Thailand. Several years later, we immigrated to the West.

Meanwhile back in Burma, three decades of systematic looting by General Ne Win and his corrupt military elite has reduced that proud nation to dire poverty. The United Nations list Burma as among the ten poorest countries. General Ne Win, however, is reputed to be the seventh richest man in the world. And in 1990 his dictatorship purchased one billion dollars' worth of arms from China, and signed an agreement to buy 30 ground attack jets from Yugoslavia.

Burma's ancient rainforest, containing 80 percent of the world's teak and home to ethnic, indigenous villagers, is being destroyed by bulldozers for quick cash, and Burma's fishing grounds, which her coastal population depends on, are being rapidly depleted for the same reason.

Burma's generals who tightly control the road, rail, water and air transportation profess innocence in the enormous yearly flow of opium grown in Burma, which supplies more than 50 percent of the world's heroin.

In August and September 1988 the dictatorship reacted to massive, nationwide pro-democracy demonstrations, organized by the young students, with a series of massacres. The estimate by medical personnel was 30,000 to 50,000 killed, but the true figure will never be known because the Burma Army carried off the murdered, unarmed civilians in truckloads.

In May 1990, in military-controlled elections, the people courageously voted in a landslide (more than 80 percent) for the main opposition, the National League for Democracy (NLD). The dictatorship under the same general, Ne Win, refused to transfer power, and is in fact embarked on a vicious campaign of arrests, torture, terror and intimidation to punish the victorious opposition, the venerated Buddhist clergy, and the entire population for their vote rejecting Army dictatorship.

In February 1991 the United Nations Human Rights Commission unanimously condemned Burma's rulers for their human rights record. The Commission said the military rulers continued to detain political opponents, failed to answer serious and persistent allegations of torture and mistreatment of political prisoners, and have made no preparations for carrying out their promise to return that country to democratic, civilian rule.

The Congress of the United States has repeatedly called for a return to democratic government, and moved by the plight of Burma's pro-democracy students who are living in malarial jungle in camps along Burma's border, Congress appropriated $250,000 for their relief in 1990 and again in 1991. The State Department awarded the all-volunteer Burma American Fund a small portion of the amount ($49,000 in 1990 and an expected $54,000 in 1991), which we have expended on food, medicine and basic necessities for the 3,000 displaced students who represent the hope of Burma's pro-democracy movement.

These young men and women, who fled massacre by the Burma Army in September 1988, are repeatedly attacked in their makeshift border camps by the well-armed and well-supplied 200,000-man Burma Army. Despite these military operations against them, and despite wretched bouts of recurring malaria, the young people have courageously proceeded with educational and health and hygiene training projects in the border villages, which are so poor and remote that they have had no teachers or schools until now.

The Burmese university students have opened several primary education classes and one high school for the indigenous youngsters at the frontier who are ethnic Karen, Mon, Pa-O and Karenni. These young Burmese students are the first generation of Burmese to accept the multi-racial reality of the Union that my father, a Shan, helped to create in 1947. The prolonged agony of the Burmese majority writhing under the iron heels of the Burmese military dictatorship has led to understanding among the young people of the different races of the Union. The young Burmese men and women at the frontier are today laying the foundation for unity that I believe will bring democratic change to Burma. My father would have been very proud of them, as I am.

The Burma American Fund aims to provide relief and development programs in the border regions by training the displaced students, as well as the villagers in the impoverished borderlands, in basic skills, and to provide the support necessary for them to train others in their communities. The programs include primary education and primary health care; livestock breeding and cottage industries to encourage self-sufficiency. In a few years, we will have trained a corp of people, mostly young, extremely enthusiastic and dedicated, who would have hands-on experience at the grassroots level. Eventually, with democratic change in Burma, these border programs can easily be expanded into the interior.

Two weeks ago the House Appropriations Committee, recognizing the pivotal role of the students in spearheading democratic change in Burma, earmarked one million dollars for the displaced students, and the Committee urges that a substantial amount of this program be provided through the Burma American Fund.

I urge the Senate to signal its support for the students who remain the hope and symbol of the pro-democracy movement, and thus signal to the beleaguered people of Burma that America continues to keep faith in Burma's bitter struggle for democracy, decency, and human rights.

Thank you very much.

STATEMENT OF REV. WILLIAM L. GEORGE, S.J., ASSISTANT TO THE PRESIDENT OF GEORGETOWN UNIVERSITY

ACCOMPANIED BY FATHER FRANCIS GILLESPIE, S.J., DIRECTOR, CENTER FOR IMMIGRATION POLICY AND REFUGEE ASSISTANCE

Senator LAUTENBERG. Father Bradley, or Father George, we would be happy to hear from you. It is always good to see you.

Father GEORGE. Thank you, Mr. Chairman.

I am Father William George. Behind me is Father Bradley. With me at the table is Father Francis Gillespie. Father Bradley and I are assistants to the president at Georgetown. Father Gillespie is the new director of our Center for Immigration Policy and Refugee Assistance.

Senator LAUTENBERG. It is good to see you.

Father GEORGE. One of my jobs here today is to introduce you to Father Gillespie. I would like the committee to know that he is going to manage some of the money that you appropriate.

We would just like to ask the committee to continue to support the Central American Scholarship Program, which right now has over 800 alumni in Central America and over 1,000 enrolled in community colleges in the United States. We would ask you also to support the East Central European Scholarship Program and the Nicaragua Peace Scholarship Program. Those are three programs that we are involved with that do a tremendous amount of good. We believe that education is a way to serve peace and is very essential to mutual understanding.

Over the years we have asked for support for the Hemispheric Migration Program, which is winding down. It is important and we hope you will read the testimony on that. We consider the fact that we have two martyrs in that program. There is a young woman, very close to Father Bradley, and one of the reasons he is not up here with me is that he cried when he said this on the House side. Myrna was murdered in Guatemala, probably, we are pretty sure, because she was considered a subversive because she was doing honest research for the Hemispheric Migration Program. One of the Jesuits killed in Salvador, Father Montez, also worked in this program, to find out the reasons why people migrate so much in Central America.

PREPARED STATEMENT

So on behalf of our President, Father O'Donovan, I would like to thank you and the committee for all that you have done for these programs. Thank you.

Senator LAUTENBERG. Thank you.

[The statement follows:]

STATEMENT OF REV. WILLIAM L. GEORGE

Mr. Chairman and Members of the Subcommittee:

We are Father Harold Bradley, S.J., and Father William George, S.J., Special Assistants to the President of Georgetown University, the Reverend Leo J. O'Donovan, S.J. With us is Father Francis Gillespie, S.J., Director of the Center for Immigration Policy and Refugee Assistance. We appreciate the opportunity to testify before your Subcommittee. Let me begin by thanking the Subcommittee for its generous support for the Central American Scholarship Program (CASP) and the new cost-sharing program, the Cooperative Association of States for Scholarships (CASS). We appreciate your encouragement of the East Central European Scholarship Program which provides scholarships for Poland and Hungary, and will include Czechoslovakia in September of 1991. We are pleased to report that as a result of your initiative the Cooperative Agreement between the Agency for International Development (AID) and Georgetown University is responding to the educational needs of Nicaragua by establishing the first scholarship project for that country. Ninety Nicaraguans arrived in the U.S. to begin a special training program in May of 1991.

CASP/CASS

Under a Cooperative Agreement with AID, Georgetown University administers CASP/CASS. The University's mission in responding to the initiative of Congress is to provide peace scholarships for capable, economically disadvantaged students from Central America and the Caribbean, who attend United States community-based institutions for academic education and technical training.

In the past, we have reported to your committee the program status of CASP and CASS separately since they were separately established and funded. The innovations introduced under CASS were the inclusion of students from the Caribbean and an attempt to develop a cost-sharing component. The programs are now the same, since Georgetown University seeks to find state funding, private sector support, institutional direct and in-kind cost support, and financial contributions through special regional partnerships the testimony will henceforth refer only to CASS. Since CASS has become substantially larger than ISEP, the two are no longer associated.

CASS has been designed to contribute to the formation of more effective manpower resources and foster the leadership and technical skills required to meet social, economic and democratic needs in Central America and the Caribbean. CASS works closely with in-country experts and support network members to determine which fields of study can best contribute to the economies of participating countries.

United States community-based educational institutions develop or adapt programs to provide students with the technical skills and experience that are in demand in their native country. Currently students are engaged in one of the following fields of study: clothing merchandising, computer science, electronics/computer repair, food technology, hotel and restaurant management, quality control, small business management, and machine tool technology. Needs analysis and follow-up studies of alumni are conducted periodically to modify course offerings based on current and projected manpower needs in the region.

The success of the first group of hearing-impaired scholars encouraged us to recruit in June of 1990 a second group of fifteen hearing-impaired students for a two-year program in computer literacy at Mount Aloysius College, in Cressen, Pa., through CASS. Fifteen more hearing-impaired scholars are studying in microcomputer applications at St. Petersburg Junior College in Florida.

In each country in which scholarships are offered, a local CASS coordinator works to identify deserving students. Selection committees made up of home-country representatives from business, industry, education and other private and public interest, recommend young people who demonstrate leadership potential. Eighty percent of the scholars are from rural areas, nearly fifty percent are women, all are economically and socially disadvantaged and rank above average academically. In a highly competitive selection process, an average of one in ten applicants is chosen to participate in CASS.

Before the selected students depart for the United States, they prepare to meet the challenges of CASS during an intensive pre-departure orientation process. Throughout this period, CASS overseas staff encourage student attitudes of responsibility and initiative and help students clarify individual and program goals. Students also have the opportunity to visit local industries where their training could be applied and make potential job contacts before leaving the country.

All candidates make a formal commitment to return home and apply their technical/vocational training to benefit their family, community and country when their U.S. study is completed. The

success of the recruitment and selection of CASS students is indicated by the experience of the last five years when 96.3% of scholarship recipients have completed their intended course of studies.

"Experience America" is an essential phase of the program. Its three major components, academic training, experiential opportunities, and personal and professional development, reinforce self-reliance, self-responsibility, and commitment. Living with American families and studying in community-based institutions, peace scholars develop an understanding of U.S. culture and values, and our democratic processes. These students in turn have a positive impact on their host communities, heightening cultural awareness, geographical knowledge, and political and personal insights about the Americas. The result is the formation of lasting social, economic and cultural links between the United States and future leaders of Central America and the Caribbean.

We thank members of this Subcommittee and their staffs who have met with the Central American students on their visits to Washington. This is an important part of the "Experience America" program, helping them to understand our democratic values and processes first hand.

Today 1089 CASS students are studying at forty-eight community-based institutions in nineteen states: a complete list of states and participating institutions is attached at the end of this testimony.

Eight hundred and twenty-two CASP alumni have completed associate degree and technical programs, many graduating with honors. According to a recent survey, approximately ninety-one percent are employed or continuing with their education at home. (91% of respondents, 77% of all alumni responded.) Overseas CASS staff are preparing for the return of CASS graduates by implementing an "Everybody Works" campaign to publicize within the Central American and Caribbean countries the skills and availability of the graduates to the business communities. The Academic Programs staff works closely with the U.S. participating institutions to help CASS scholars prepare resumes and role play job interviews. We have focused our efforts on preparing the CASS students for employment upon their return to their native countries.

If CASS students can hope for economic and educational opportunity at home they will return home. The in-country staff maintains and improves employment opportunities for current and future alumni peace scholars. In addition they recruit and select new students. They also encourage Georgetown University alumni to support our efforts. Many of the alumni are major employers in participating countries throughout Central America and the Caribbean, offering important resources for peace graduates. Perhaps the most effective network arises from the growing number of CASP/CASS alumni themselves. They have organized CASP/CASS associations in each country providing support and assistance in collaboration with Georgetown alumni to expand employment opportunities.

CASS participating countries currently include Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Jamaica, Haiti, Grenada, St. Vincent/the Grenadines, Antigua/Barbuda, St. Kitts/Nevis, St. Lucia, Dominica, the Dominican Republic, and Barbados.

Federal funds for CASS are being supplemented by state and private sector contributions, increasing the total number of students served. The state office and college advisory boards emphasize and create awareness for our programs at the state and local level. Through the Congressional mandate for CASS, significant steps have been taken toward our goals of broad community, state and regional support of this international training. Through the first two years of the CASS project we have learned that no one policy or plan for state or regional support of the program will evolve. Each participating CASS state has its own funding formula for higher education which simply means no one legislative approach can be applied to all states. We have tried to tailor a working relationship with various states, regions and private sector supporters.

Thus, we have undertaken a strong effort in these first two years as we search for creative cost-sharing federal/state partnerships. And we have met with varying degrees of success. For example:

--In California a bill was passed by both Houses of the legislature which included an appropriation specifically for CASS, which was vetoed by Governor Deukmejian.

--In Missouri, a bill has been passed which provides the necessary statutory authority to the Coordinating Board for Higher Education to request matching funds for CASS.

--A unique CASS partnership with the State of Florida matches our federal funds 50/50, provides 21 students from Central America study opportunity toward a B.A. or B.S. degree.

These are examples of our efforts to create the federal/state partnerships recommended by Congress. We will continue seeking to seek the cost to the government of this training program.

By working closely on cost containment and economies of scale with our partner colleges, a real contribution of over $3.2 million dollars has been realized during the first two years of CASS. This is comprised of: direct contributions from private sector individuals and businesses; institutional contributions of personnel services and tuition remission. We have received both direct and indirect contributions.

We are encouraged by the responses to the cost-sharing mission of CASS by our Central American and Caribbean regional offices. Since last fall, $78,000 or almost one third of the cost, has been contributed in the region. Additionally, many regional coordinators have succeeded in securing donated office space, office equipment and free publicity for the CASS program.

The Cooperative Agreement between Georgetown University and AID has enabled the CASS program to secure a high level of community support in the cities and towns where CASS students are placed. CASS aspires to create educational partnerships; lasting relationships between these communities and our students and the students' countries of origin. These partnerships equate with significant financial support. CASS depends on an excellent host family network which is committed to caring for CASS students out of a desire to be of service to the program. Accordingly, these families make substantial financial contributions to our students by providing shelter, food, transportation and often clothing to the students.

Because of the Cooperative Agreement, we rely on the personal commitment to the CASS program by thousands of Americans without having to comply with the AID Handbook 10 funding support guidelines. These guidelines were written to ensure a minimum level of financial support for all participants sponsored by AID. CASS students receive this level of care and more, both from program dollars and from people who care about them. Because of the Cooperative Agreement, CASS has been encouraged to develop such creative sources of commitments to extend our scholarship dollars to as many participants as possible. By not being obligated to the established Handbook 10 schedule, CASS has saved over $6 million dollars in the past two years.

Your continued support of the Cooperative Agreement between A.I.D. and Georgetown University has encouraged the development of this successful educational partnership.

East Central European Scholarship Program (ECESP)

The East Central European Scholarship Program (ECESP) is the first educational/training program to be implemented under a 1989 initiative of the U.S. Congress to support democratization and privatization in East Central Europe. Thanks to the support of the Committee for our Cooperative Agreement with A.I.D. we were immediately able to implement this program only months after the fall of communism in the Eastern Bloc. The ECESP enables rural leaders from East Central European countries to upgrade their technical skills and knowledge which will contribute to democratic and economic pluralism in their respective communities.

Last year ECESP selected 60 participants from Poland and Hungary who are now attending one of three colleges where they will complete an eighteen month certificate program in either the economies of private farming, organization and management of private cooperatives, development of small agribusiness, or farm credit management. They will also complete six months of practical training through internships arranged with private institutions. ECESP will also enable participants to become familiar with the American democratic process at the local level.

In 1991, ECESP scholarship recipients will be selected from Czechoslovakia. ECESP will also include a program for teachers from Polish, Czech, Slovak and Hungarian agro-technical and professional schools. This program is designed to educate teachers in business management and marketing and thus enable them to eventually introduce such courses into the curriculum of their own schools.

The Office of European Affairs of the Bureau for Europe and Near East of the Agency for International Development and found it more difficult to work with us in the context of a cooperative agreement than has the Education and Human Resources Division of the Office of Development

Resources of the Bureau for Latin America and the Caribbean with whom we have enjoyed a positive collaboration.

CAPS-Panama

Georgetown University was awarded a contract by A.I.D. after a competitive bidding process to coordinate the training of students from Panama who are studying for undergraduate degrees in the United States under the Central American Peace Scholarship Program. Of the 235 students who began this four year program in the fall of 1986, 123 are in various stages of study at community colleges and universities throughout the United States. Eighty educational institutions in thirty states are participating. Further, ten journalists and fifteen English teachers completed short-term training and have returned to Panama. Sixteen English teachers are currently in the U.S. to complete four months of intensive English language instruction and methodology courses. The first graduate of the long-term training program received his four year degree in May 1989, with honors, from Widener University in Chester, Pennsylvania.

Sixty additional CAPS/Panama students have completed their English language training and orientation at the Panama Canal College. Fifteen of these students arrived in April 1990 to begin two year associate degree programs. The remaining forty-five students departed Panama in the Fall of 1990 to begin four year bachelor's degree programs. In addition, over the next two years, CAPS/Panama will train 50 to 75 new students for placement in two year business, small industry or export-driven training programs. Fifteen English language teachers will also complete a nine month training program. We anticipate that the remaining candidates under the original CAPS/Panama contract will be made available shortly.

Nicaragua Peace Scholarship Program (NPSP)

The Nicaragua Peace Scholarship Program (NPSP), is an experimental program designed to serve the needs of disadvantaged youth between the ages of 17-25 who, during the past decade of civil strife in Nicaragua, were not able to complete junior high or high school educations. NPSP programs will assist students in improving their native Spanish skills in reading, writing, and Math, while they are learning technical skills for jobs and English as a second language.

During the past six years, Georgetown University administered training programs have targeted secondary graduates from disadvantaged families to participate in peace scholarship programs. In contrast, NPSP, an experimental program, attempts to reach those who, because of social and/or economic circumstances, could not complete secondary school educations. We hope to use the experimental program to broaden the base of candidates for the CASS program.

NPSP offers 18-month certificate programs. The educational goal is to effectively equip economically distressed populations with technical skills training, improved basic education in reading, writing, Math, English, and personal development. The program includes GED preparation and testing in Spanish for students in the group who are capable of reaching this goal in 18 months. Technical training includes clothing merchandising; precision mechanics and machine tool; computer repair, and computer business usage. This collaborative Georgetown/AID project will train approximately seventy-five individuals who began studies in May of 1991.

Hemispheric Migration Project

The Hemispheric Migration Project (HMP) has completed over 50 studies on refugees and migration in the Americas with the encouragement and support of the Congress through a contract with the Bureau for Refugee Programs of the Department of State. The project has been able to continue at a modest level until this year owing to appropriations made in prior fiscal years. Since the project began seven years ago, we have built an active network of refugee and migration experts in Latin America and the Caribbean who have reported on the characteristics and location of refugees, displaced persons, and migrants; refugee integration, repatriation and other durable solutions; return migration; use of remittances; and migration and development.

This HMP research has produced concrete policy recommendations for U.S. and Latin American officials. For example, the HMP sponsored a week-long series of meetings last December on Central American repatriation, as part of a worldwide study of the motives and timing for repatriation under conflict situations. Over 160 representatives of international, governmental, and private organizations participated in Washington, New York and Geneva, Switzerland, where the United Nations High commissioner for Refugees and the International Organization for Migration co-hosted a day-long briefing. The key recommendation to emerge from these meetings was that assistance programs should be directed to regions of a country impacted by high numbers of refugees,

displaced persons and repatriates, rather than targeting programs to specific population groups within a region. There are two simple reasons for this: in practice, refugees and displaced persons who return are indistinguishable, and the local population that did not migrate is as impoverished and needy as those who return.

In response to requests for policy interpretation of the research findings, the HMP also began a series of policy briefing papers, the first of which will be released this month on the role of nongovernmental organizations in refugee assistance and policymaking in Central America. Despite the fact that some consider the refugee crisis in that region to have been resolved (a premature conclusion), subsequent HMP policy briefs will explore the impact of unrecognized refugees and other undocumented persons there, a mobile population estimated at over one million and growing. The impact of this unsettled population on peace-building and development is staggering. In addition, the HMP will produce an evaluation of CIREFCA and a recommendation about the utility of such a coordinated approach for other regions of the world. (The International Conference on Central American Refugees (CIREFCA) was held in May 1989 in Guatemala. CIREFCA has since become known as the regional process under which refugee assistance is incorporated into development plans and funding strategies.)

That the issues treated by the HMP are sometimes controversial is evidence of their importance. In Central America, the dangers associated with conducting refugee research have resulted in the loss of yet another researcher associated with the HMP. Myrna Mack, a respected Guatemalan anthropologist, was brutally murdered on the doorstep of her office last September. She was the leading authority on displaced persons in her country and also was known for her work on the environmental impact of development. We believe she was killed because of her work on displaced persons, a group often considered subversive in Guatemala. There has been no official progress in finding and prosecuting those who killed her. The other researcher who was murdered with his Jesuit colleagues in 1989, was Father Segundo Montes, S.J. He had conducted a study of Salvadoran migration to the United States under HMP auspices.

Although the Refugee Bureau of the Department of State is unwilling to continue to provide funds for this research we are currently seeking potential sponsors in government and in the international community to permit the program to fund future research and policy development. Critical new themes of policy importance include the economic and social reintegration of refugees and displaced persons in Central America as part of the reconstruction process; socioeconomic, labor, and public health issues of undocumented migration in the hemisphere; international repercussions of population displacement due to violence in the Andean region; and other new trends in labor and forced migration in the Caribbean and Latin America.

In the name of our President, the Reverend Leo J. O'Donovan, S.J., we thank you for your support and leadership in the development of these innovative programs.

PROSECUTION OF MURDERS

Senator LAUTENBERG. Father Gillespie, did you want to add anything?

Father GILLESPIE. I have nothing to add, Senator. Thank you.

Senator LAUTENBERG. We welcome you. We admire the work that you and your colleagues do and we are very grateful that you are there.

Father GILLESPIE. Thank you.

Senator LAUTENBERG. I pursued in Salvador the prosecution of the murders of Eta Ford and the others. I don't know whether they prosecuted the right people, but we hope so.

Father GEORGE. The Jesuits in the United States, throughout the whole country, really appreciate that and this committee's efforts in our behalf. Thank you very much.

STATEMENT OF HARRY SULLIVAN, DEPUTY DIRECTOR, NATIONAL SECURITY/FOREIGN RELATIONS COMMISSION OF THE AMERICAN LEGION

Senator LAUTENBERG. Next is Mr. Sullivan. Welcome.

Mr. SULLIVAN. Mr. Chairman, the American Legion welcomes this opportunity to present its views in support of sufficient funding for foreign aid.

Our more than 3 million members believe that foreign aid is a necessary and effective tool of U.S. foreign policy. When administered with foresight, honesty, and prudence, foreign aid helps to encourage democracy, increase economic development, stabilize economies under stress, relieve human suffering, and bolster self-defense capabilities of our friends and allies.

I would like to just point out a few areas of specific concern.

In Eastern Europe, the West now has an opportunity to help democracy and market oriented economies take root. We have been seeking this goal for 4 decades. Now that the wall is down, the Western nations must react swiftly and magnanimously.

We strongly endorse bipartisan efforts to help provide necessary public and private assistance to Eastern European countries as they set out on the process of institutionalizing democracy and adopting elements of a market economy.

Relatively modest aid at this time can bear great dividends in the future.

Combating the scourge of illegal drugs is one of our major concerns. This essential endeavor requires both demand reduction here in the United States and supply curtailment in producer lands. In this regard, the Andean initiative should be fully funded as one of the most effective methods of controlling illegal drug exports to the United States at their source.

The 35-percent increase in this program proposed by the administration for fiscal year 1992 is a welcome step. These funds for assistance to Bolivia, Colombia, and Peru will significantly help their vital efforts to reduce cocaine trafficking. Strengthening the Andean initiative will improve political will, bolster programs to replace drug production by legitimate economic output, and multiply the efficacy of police and military units to disrupt cocaine trafficking organizations.

We believe that it is also very important to maintain progress toward democracy in Central America by providing adequate foreign aid. U.S. diplomacy and foreign aid have been instrumental in helping democracy take root in the region during the last few years. Freedom loving Central Americans have made remarkable progress in recent years toward establishing more responsive democratic governments. The United States must continue providing reasonable levels of assistance to help our friends in that area improve their economies as the indispensable base for consolidation of democracy and maintenance of security.

If the United States is to retain its position as a world power, an adequate foreign aid program is indispensable. Since foreign aid represents less than 2 percent of the Federal budget, we do not believe budgetary restraint should prevail over policy necessities.

PREPARED STATEMENT

The American Legion urges Congress and the administration to join in a bipartisan effort to enact a logical, efficient, foreign aid program to help achieve U.S. foreign policy goals.

Thank you, Mr. Chairman, for having us today.

Senator LAUTENBERG. Thank you very much, Mr. Sullivan.

We thank all of you for being with us. We have listened very carefully to what you have said.

[The statement follows:]

STATEMENT OF HARRY SULLIVAN

Mr. Chairman and Members of the Subcommittee:

The American Legion welcomes this opportunity to present its views in support of sufficient funding for foreign aid based upon several resolutions adopted at our 72nd National Convention held last August. Our more than three million members believe that foreign aid is a necessary and effective tool of U.S. foreign policy. When administered with foresight, honesty, and prudence, foreign aid helps to encourage democracy, increase economic development, stabilize economies under stress, relieve human suffering, and bolster self-defense capabilities of our friends and allies. A frequent by-product of foreign aid is adoption of some tenets of a market economy as recipient nations become aware of the increased productivity brought about by fostering private initiative through free enterprise and competition.

We urge full funding of the foreign aid request for FY 92 budget authority as requested by the Administration:

	($ millions)
Multilateral Assistance	1,685
Bilateral Assistance	4,907
Military Assistance	7,986
Food Assistance	1,301
	15,879

We believe the foregoing request represents the absolute minimum funding required if U.S. national interests are to be protected.

Some Americans view foreign aid only as a "give away" that unnecessarily drains resources which could be put to better use here at home to relieve unemployment, increase welfare, or aid community development. Actually, foreign aid has a positive "pay back" to our country. First and foremost is the fact that foreign aid helps protect our national security by giving our friends and allies the military equipment, supplies, and training to provide for their own security. This in essence provides a first line of defense for the U.S. outside our borders. It economizes on the use of U.S. armed forces and helps other countries fight their own battles rather than relying on the youth of America to defend them. Economic assistance fosters economic development in the Third World and brings hope to aspiring peoples. By increasing prosperity in needy lands, foreign aid creates new markets for sale of U.S. exports. The export sector is becoming increasingly important as the Free World international market becomes more integrated and

competitive. Overall, about 70 percent of U.S. bilateral foreign aid is spent on purchases of American goods and services. Similarly, about 50 percent of our multilateral aid returns to our shores. Third World countries purchase about one-half of American exports of grains and cereals. In the overall agricultural sector, about 40 percent of total U.S. exports are sold to the developing countries.

Since World War II, U.S. foreign aid has helped some countries modernize their economies and become productive participants in the Free World international economy. As these nations have increased their productivity, they have helped to raise the overall standard of living in the Free World.

Compared to other types of spending, the U.S. foreign aid program is relatively modest and accounts for about one cent of each budget dollar spent. On a per capita basis, the U.S. ranked 13th in the list of development aid donors in 1987, giving $40 per capita annually while the leader (Norway) gave $191. American development aid has declined by about 40 percent since 1962. Then, it accounted for 59 percent of total worldwide development aid; by 1987 it had dropped to 22 percent of the total.

In some recent years, Congressional budget cuts and Gramm-Rudman-Hollings reductions have significantly trimmed Administration requests for foreign aid. Reductions in foreign aid seriously interfere with the effective conduct of U.S. foreign policy. The savings achieved by such cuts are marginal when measured against the overall U.S. budget, yet they have a profound and lasting impact by further reducing U.S. reliability as an ally.

Since Congress also earmarks aid for certain countries like Israel and Egypt, cuts imposed in aid programs for some other countries have been very large. Congressional earmarking of foreign aid funds seriously curtails administrative flexibility in administering aid programs in conjunction with other aspects of national strategy. Several years ago for example, only about one-half of security funding was earmarked; by FY 90, 92 percent of military assistance and 82 percent of economic support funds were so controlled. Other examples of the need to streamline foreign aid procedures and appropriately define legislative and executive responsibilities include the fact that the Foreign Assistance Act promulgates over 30 objectives and priorities, the Agency for International Development must respond to approximately 300 separate reporting requirements, and the agency must inform four Congressional committees of any significant reprogramming of funds.

Of particular concern have been the recent significant reductions in U.S. foreign aid to key allies or countries which provide base rights to the U.S. armed forces or U.S.

access to key regions. Such bases are a vital part of U.S. forward defense in conjunction with the North Atlantic Treaty Organization and our other allies. Although U.S. foreign aid to the base rights countries is not considered as "rent" for the bases, the Executive Branch has pledged to make a "best effort" to persuade Congress to appropriate specified levels of foreign aid over a specified time span.

Considering three principal countries in this category (Pakistan, Portugal, and Turkey), U.S. "best effort" pledges are generally recognized to total about $1.7 billion annually. In FY 88, the Administration's request was 1 percent below that amount, and appropriations fell 33 percent below the request. In FY 89, the budget request was 18 percent below the pledged amount, and appropriations were 5 percent below the request. The FY 90 foreign aid request fell 15 percent below the target amount and appropriations were 14 percent below the request. The FY 91 request fell 20 percent below the pledged level and appropriations were 29 percent under the request. The FY 92 request is 32 percent below the "best effort" pledge. Although certain unforeseen events accounted for some of the cutbacks and reductions, the overall trend is clearly on the downside. In order to retain reliability as leader of the Free World, the U.S. must honor its pledges--particularly to our key allies. In this regard, before future "best effort" pledges are made, the Administration should consult closely with the Congressional leadership and develop a bipartisan position that can be honored over a number of years.

Combatting the scourge of illegal drugs is one of our major concerns. This essential endeavor requires both demand reduction here in the United States and supply curtailment in producer lands. In this regard, the Andean Initiative should be fully funded as one of the most effective methods of controlling illegal drug exports to the United States at their source. The 35 percent increase in this program proposed by the Administration for FY 92 is a welcome step. Providing $285 million in economic aid and $214 million for law enforcement and security assistance to Bolivia, Colombia, and Peru will significantly help their vital efforts to reduce cocaine trafficking. Increased funding for the Andean Initiative will strengthen political will, bolster programs to replace drug production by legitimate economic output, and multiply the efficacy of police and military units to disrupt cocaine trafficking organizations. The Andean Initiative is a very useful program that definitely merits continuing support and expansion.

It is also very important to maintain progress toward democracy in Central America by providing adequate foreign aid. U.S. diplomacy and foreign aid have been instrumental in helping democracy take root in Central America during the last few

years. Since 1984, the U.S. has made a long-term commitment to assist democracy in Central America as a result of the deliberations of the National Bipartisan Commission on Central America. To date, overall aid to the region has consistently fallen somewhat below projected goals. Over the past four years, foreign aid for Costa Rica, El Salvador, Guatemala, and Honduras has been approximately 15-30 percent under levels envisioned.

U.S. AID TO CENTRAL AMERICA

($ Millions)

	FY 91 Request	FY 91 Appropri-ations	FY 92 Request
Costa Rica	65	50	43
El Salvador	375	308	294
Guatemala	125	90	87
Honduras	174	128	132
Total	739	576	556

The FY 91 appropriations for Central America were 22 percent less than the requested amounts. The FY 92 request falls 25 percent below the FY 91 request. Any further reductions would seriously disrupt the entire program.

Central Americans have made remarkable progress in recent years toward establishing more responsive, democratic governments. The U.S. must continue providing reasonable levels of assistance to help our Central American friends improve their economies as the indispensable base for consolidation of democracy and maintenance of security.

Two other nations in the region also strongly deserve U.S. assistance as they seek to adopt democracy. The American Legion has taken a very close interest in the struggle of the Nicaraguan people to achieve a better life. We were overjoyed last year when the Democratic Coalition won a free and fair election. Thus, we strongly support the request for $204 million in assistance for Nicaragua as it seeks to overcome very serious economic problems. While Panama moves toward assuming full control of the Panama Canal by the end of this decade, the United States must play a strong supportive role for democratic transition and economic development. Only under a democratic regime is it likely that Panama will be able to operate the Panama Canal efficiently, while cooperating with the United States and other users. The requested aid for Panama ($28 million) seems on the low side and should be increased in order to provide both material

and moral aid to democratic forces in Panama and to help offset the reconstruction costs associated with Operation Just Cause.

We have been very pleased to see a generally upward trend in aid to the Philippines; however, we are concerned about an undesirable cutback in FY 92. Aid to the Philippines increased 84 percent from FY 88 to FY 89. A further jump of 26 percent was requested for FY 90; however, the FY 90 country program was 22 percent below the request. The FY 92 request of $650 million was cut by 14 percent during Congressional consideration. The FY 92 request of $557 million represents a 14 percent reduction from the FY 91 request and will barely sustain vital efforts to enhance economic prosperity and democratic evolution in the Philippines. The U.S. Government should continue to emphasize the Multilateral Assistance Initiative. Twenty-six other donors have joined with the United States in this initiative, including Japan, the World Bank, and the International Monetary Fund. This broadly based effort is an excellent example of improved burden sharing by our allies and international institutions. The initiative should play a major role in helping the Philippines consolidate democracy, institute needed economic reforms, improve infrastructure, encourage growth of the private sector, and attract foreign investment.

The Administration's request includes several very useful initiatives. To help fund the Enterprise for the Americas Initiative, the budget requests $310 million for debt restructuring and $100 million as an initial contribution to a regional investment fund stimulating market-oriented investments and reforms throughout the region. To help underwrite democratic transition and market-oriented economics in Eastern Europe, the budget seeks $470 million in development assistance, a 7 percent increase over last year. Included in the request is $70 million for a contribution to the European Bank for Reconstructions and Development. We are convinced that such regional programs make sense in today's world by encouraging multilateral contributions to assist cooperating national states to work together for democracy and rational economic ideas. On the other hand, we also support the close scrutiny and detailed review being placed on assistance to Jordan. Although Jordan certainly could play a helpful role in seeking a just solution to Middle East problems, we must not overlook Jordan's support for Iraq's unprovoked aggression which has brought immense instability and suffering to the Middle East.

The American Legion encourages Congress and the Administration to join in a bipartisan effort to achieve U.S. foreign policy goals through a strong and well-administered foreign aid program.

STATEMENT OF STEPHAN SCHWARTZMAN, ENVIRONMENTAL DEFENSE FUND, ALSO REPRESENTING NATIONAL WILDLIFE FEDERATION, SIERRA CLUB, AND NATIONAL AUDUBON SOCIETY

Senator LAUTENBERG. Next we will hear from Steve Schwartzman, Lisanne Nelson, Nancy Wallace, and Barbara Bramble.

We invite each of you to the witness table.

Steve, we have made it easy to pick you out of the group today. We will not be accused of being sexist, but we will ask Steve to testify first only because his name is first on the list.

Mr. SCHWARTZMAN. Mr. Chairman, thank you for the opportunity to testify today before the subcommittee. I am Stephan Schwartzman, senior scientist with the Environmental Defense Fund. I am testifying today on behalf of EDF, as well as the National Wildlife Federation, the Sierra Club, and the National Audubon Society, which, among them, have nearly 7 million members and supporters.

In behalf of our organizations, I would like to say that this subcommittee has been at the forefront of a worldwide effort to promote an environmentally sound and socially equitable development model in the most powerful economic development institutions on the planet, the multilateral financial institutions. I will speak to these concerns today.

For fiscal year 1992, the Treasury is asking Congress to authorize and appropriate resources for the biggest capital increase in the history of the International Monetary Fund. Section 594 of the Fiscal Year 1990 Foreign Operations Appropriations Bill called upon the Secretary of the Treasury to promote critical reforms in the IMF's organization, including staffing changes, a review process, and creation of lending criteria that would promote sustainable and equitable resources in the IMF's operations.

The legislation also instructed the Secretary of the Treasury to report annually on progress in these reforms. Despite some efforts on the part of the U.S. Executive Director, nothing of operational significance has changed at the IMF in the last 1½ years.

Our prepared statement details specific cases of potentially disastrous environmental and social impacts of IMF programs in various countries, as well as international public outcry against them.

All organizations urge the subcommittee in the strongest terms not to approve the IMF quota increase until Treasury submits the report required by law, and until the IMF carries out the reforms specified in section 594(a) of Public Law 101-167. We also believe that there is a need for further reforms, along the lines advocated by Friends of the Earth, for greater public access to information and participation in IMF programs. We would suggest that a special hearing on the need for IMF environmental reform would be extremely useful and timely at this moment.

With respect to the World Bank, despite some limited progress, we continue to discover recent examples of total environmental and social negligence in World Bank operations. Our prepared statement details appalling cases of forced resettlement debacles in ongoing World Bank projects, as well as showing disarray in World Bank forestry lending and policy, no overall progress in promoting energy efficiency in World Bank programs—a point very well made

in the earlier panel by the gentlemen representing the renewable energy programs—and an urgent need to strengthen the World Bank's environmental assessment procedures.

The administration is requesting fiscal year 1992 appropriations of over $1 billion for the World Bank and the International Development Association. We believe that the Congress should withhold a portion of these appropriations until the World Bank presents the Treasury with credible action plans, with timetables and specific benchmarks, to greatly improve its record in conservation of forests and energy, improved environmental assessments, and implementing its good policies on forcible resettlement.

Our organizations support increased appropriations for the United Nations Environment Program and for the 1992 United Nations Conference on Environment and Development, as well as for several cost-effective agencies promoting environmentally sustainable and socially equitable development—the Inter-American Foundation and the African Development Foundation, and Appropriate Technology International. These agencies do not support large government bureaucracies. They have a mandate to support community groups, nongovernmental organizations, and small businesses.

Finally, our organizations believe that the Enterprise for the Americas Initiative, authorized in last year's farm bill, Public Law 101–624, takes an important step toward debt relief in Latin America and would provide innovative, direct support to citizens' organizations engaged in sustainable development activities in Latin America.

The Senate Foreign Relations Committee is now working on language that would remove the environmental focus of the initiative. It would severely limit nongovernmental groups from administering debt-swap funds. It would abolish the proposed Environment for the Americas Board, which intended to include U.S. environmental groups in overseeing the creation of local debt for environment trust funds to insure that a broad range of Latin American nongovernmental groups were represented on the local trust funds.

PREPARED STATEMENT

Without the provisions for the involvement of citizens' organizations in Latin America and the United States and an environmental focus, we will not support this initiative. If, on the other hand, these provisions from last year's legislation are maintained in legislation authorizing debt write-down for USAID debt this year, we would support the administration's full request for debt scoring authority.

Thank you very much.

Senator LAUTENBERG. Thank you very much, Mr. Schwartzman. Your full statement, of course, will be included in the record.

[The statement follows:]

STATEMENT OF BRUCE M. RICH, SENIOR ATTORNEY, ENVIRONMENTAL DEFENSE FUND

I. Introduction

Mr. Chairman, thank you for the opportunity to testify today before the Senate Subcommittee on Foreign Operations. I am Bruce M. Rich, Senior Attorney with the Environmental Defense Fund (EDF), and Director of EDF's International Program. I am testifying today on behalf of EDF and three other national environmental organizations that together have nearly seven million members and supporters: the National Wildlife Federation (NWF), the Sierra Club and the National Audubon Society. The Environmental Defense Fund is a public interest environmental research and advocacy organization with over 200,000 members nationwide. The National Wildlife Federation is the largest conservation organization in the U.S. and the Western World, with over 5.6 million members and supporters. The Sierra Club and National Audubon Society have 600,000 and 560,000 members nationwide, respectively. Much of my statement reflects the collaboration of my colleagues at EDF, Korinna Horta, Stephen Schwartzman and Lori Udall.

On behalf of these four national environmental groups I first would like to thank you, Mr. Chairman, and the members of the Subcommittee, for the leadership role this Subcommittee has taken over the years in promoting environmental and social concerns in our multilateral and bilateral foreign assistance.

The U.S. is the single most important donor to the World Bank and the International Monetary Fund (IMF). The Bank and the Fund have more impact on economic development and environmental quality and policy than any other single institutions on earth. A major focus of my testimony today is the need for U.S.contributions to these institutions to continue to be linked with vigorous measures to promote in them further environmental reform. Regrettably, despite some progress and increasing rhetorical commitments by senior management, we continue to uncover recent examples of total environmental and social negligence in World Bank projects and IMF activities.

In FY 1992 the Treasury is asking the Congress to authorize and appropriate resources for the biggest quota (capital) increase in IMF history. We urge the Congress not to approve the IMF quota increase unless it can obtain credible commitments from the Fund to carry out much needed organizational reforms to address the environmental and social implications of its activities.

In the case of the World Bank, its continued financing of new environmental and social disasters is particularly distressing, since the Bank now is approaching the United States and other donors for financial commitments to a three year, $1.3 billion dollar Global Environmental Facility. If the Bank does not improve the environmental and social quality of its main lending portfolio of $22 billion a year, this will be good money thrown after bad. We are urging the Congress to withhold a portion of FY 1992 appropriations for the Bank until it presents credible commitments and action plans to reform its lending operations in several key areas described in more detail in this statement.

I will conclude my statement with the endorsement of our organizations for increased appropriations for the United Nations Environment Program, for U.S. support for the 1992 United Nations Conference on Environment and Development, and for several institutions supported by the U.S. that we believe are very cost-effective in promoting environmental sustainability and social equity. These agencies--the Inter-American and African Development Foundations, and Appropriate Technology International--do not finance large government bureaucracies, but have a mandate to assist community groups, non-governmental organizations and smaller businesses and enterprises.

Mr. Chairman, our organizations cannot in good conscience urge the Subcommittee to promote environmental concerns in our participation in multilateral and bilateral aid institutions without prefacing our remarks with two critically important observations.

First, we have heard repeatedly, from the representatives of other major donors to the MDBs, from borrower country governments, and from the international environmental community, that US efforts to promote reforms in the multilateral lending institutions, while cogent and coherent in their own right, are being undermined by our government's failure to address US contributions to global environmental problems. The administration cannot credibly promote the reforms in the MDBs that this subcommittee has sought while ignoring US contributions to the greenhouse effect, and attempting to sweep under the rug the international scientific consensus on the urgency of addressing it. Nor can we continue to lecture countries such as Brazil or Indonesia about unsound forestry practices while our own Forest Service subsidizes the unsustainable destruction of our own remaining primary forests.

Second, it is important that US concerns with the environment, the situation of gravely threatened indigenous peoples, and with a more democratic model of development not be confined to the forum of the multilateral development banks. For example, 10,000 Yanomami Indians in the Brazilian states of Amazonas and Roraima have in recent years seen the land constitutionally guaranteed them overrun by some 45,000 gold and tin miners; they face the threat of physical extinction from introduced diseases if their lands are not demarcated and secured against invasion. The Yanomami case was included in the Department of State's Human Rights Report last year. What steps has the administration taken to support practical recognition of the human rights of the Yanomami and defense of the tropical forest of which they are the stewards?

Mr. Chairman, you have been in the forefront of those recognizing the connections between social justice and sustainable development, and your staff met with Chico Mendes in 1987 more than a year before his murder to discuss his concerns with multilaterally financed development. But the killing goes on. The Pastoral Land Commission of the Brazilian Conference of Bishops counts 64 killings in land conflicts in Brazil in 1990, and more than 1,000 such killings occurred from 1980 to 1988 alone. Impunity for the perpetrators of such violence serves to maintain the radically inequitable distribution of land in Brazil--the major underlying cause of destruction of the rainforest. Impunity for assassins also threatens the development of democratic institutions, and calls into question the Brazilian government's claims of a new Amazon development policy. If the government cannot stop large landowners from killing rural activists, how can it stop them from cutting down the forest? Democracy and sustainable development are both US policy goals. What has this administration done to support concrete steps to end rural violence in Brazil?

II. International Monetary Fund Quota Increase

For the next fiscal year the Administration is asking the Congress to authorize and appropriate resources for the largest Quota (capital) increase in IMF history, raising IMF lending capacity by 50% from $130 billion to $195 billion. The U.S. share of this increase amounts to some twelve billion dollars. This will be the only occasion for several years for the Congress to exercise real leverage on the Fund, which in many ways is one of the least accountable of all public international institutions.

Section 594 of the FY 1990 Foreign Operations Appropriations bill called upon the Secretary of the Treasury to promote several critical environmental reforms in the IMF's structure and organization. These reforms include : 1) the addition of environmental and natural resource experts, and development economists to the Fund's staff to analyze linkages between macro-economic policies and environmental sustainability; 2) the establishment of a systematic process to review in advance and take into account in IMF lending activities their impact in each case on the environment, public health and poverty, and 3) the creation of lending criteria that would promote sustainable management of natural resources as well as measures to seek the reduction of country debt in recognition of domestic investments in environmental management.

This legislation also instructed the Secretary of the Treasury to prepare an annual report to Congress on the progress made by the U.S. Executive Director in implementing these reforms in the Fund.

Over the past year and a half representatives of our groups have met on several occasions with the U.S. IMF Executive Director to discuss these reforms, as well as with Mr. Michel Camdessus, the Managing Director of the Fund, and Mr. Richard Erb, the Deputy Managing Director. Despite statements of good intentions and some efforts on the part of the U.S. Executive Director's office, and new environmental rhetoric on the part of the Fund's Managing Director, nothing has occurred in the IMF over the past year and a half that is of any operational significance. In fact, as far as we know, the Treasury never even prepared the annual progress report that was required by this legislation.

The only tangible simulacrum of an effort in the environmental area on the part of the IMF since Section 594 of the Public Law 101-167 was enacted in 1989 has been the preparation of a general literature review of existing studies that examine the connection of macro-economic policies with environmental issues ("Public Policy and the Environment: A Survey of the Literature," International Monetary Fund, Fiscal Affairs Department, June, 1990). This paper makes no statement whatsoever about the possible role of the Fund in addressing environmental concerns in its activities.

The Fund's Managing Director acknowledged in several public addresses last year what would appear, at least rhetorically, to be a new recognition of the need for the IMF to, in his words, "promote high quality growth," as opposed to what he terms "pseudo growth" that ravages the environment and benefits only a few. I wish to cite Mr. Camdessus' words at some length, since we agree completely with them and they describe, regrettably, what the IMF is not currently doing and apparently has no real operational commitment to put into practice:

"When I refer to growth, I mean high quality growth, not pseudo-growth. To eb frank, there have been many instances of the latter over the past twenty years, which helps to explain how the world is now, that is not only very insufficiently developed, but also wrongly developed. Allow me to explain what I mean by pseudo-growth....

* "There is growth for the privileged few, leaving the poor with nothing but empty promises.

* "...there is forced quantitative expansion,pursued through the disorderly exploitation of natural resources and the ravaging of the environment.

....

"High-quality growth is concerned with the poor, the weak, the vulnerable....it is growth that does not wreak havoc with the atmosphere, with the rivers, forests or oceans, or with any part of mankind's common heritage."

(Statement by Mr. Michel Camdessus, Managing Director of the International Monetary Fund, Before the United Nations Economic and Social Council, Geneva, July 11, 1990.)

"What does this mean?," Mr. Camdessus queried in his speech. "At least part of the answer," he noted, "lies beyond the boundaries of economics. For economic growth, in its broadest sense, is too rich in meaning, too complex, and too essential to mankind's future to be left only to economists." (Ibid.)

Indeed.

The Fund's Executive Board of Directors met on February 8 to discuss the establishment of a small Environment Unit in the IMF's Fiscal Affairs Department, but refused to endorse the

idea. The latest proposal is simply to reassign three economists in a "core group" to conduct further research on linkages between macro-economic and policies and environmental issues.

Thus, while we have seen over the past year rhetorical acknowledgment at the highest levels in the Fund of the need of that institution to address the environmental impacts of the measures and policies it promotes, there is a complete inability and lack of political will to address this need seriously at the operational level.

The effects of this inaction may be both disastrous environmentally and destabilizing politically for numerous developing countries in the 1990s. I would like to cite just two examples, Costa Rica and the Philippines. EDF has undertaken a short case study on how IMF type stabilization and structural adjustment programs affect the natural resource base and social indicators in Costa Rica. Given the country's democratic tradition and long-standing dedication to preserving its national park system, Costa Rica represents a best case scenario for conservation in the developing world. Nevertheless, after a decade of IMF type adjustment programs, the country now faces severe environmental degradation and increasing social problems. Sufficient evidence exists to conclude that stabilization and structural adjustment programs which fail to consider the environmental ramifications and social impacts of their policy prescriptions are playing a significant role in undermining Costa Rica's future development potential.

Recent information from Costa Rica indicates an increasing deterioration of the situation: Indiscriminate tightening of both monetary and fiscal policies to comply with both Bank and IMF adjustment agreements has led Costa Rica's Central Bank to freeze U.S.A.I.D. local currency funding for environmental projects. Costa Rica's Ministry for Natural Resources, Mines and Energy has been forced to freeze all hiring of environmental staff. A private Costa Rica agricultural organization, the National Council of Small and Medium Farmers, warns that increasing social inequities--especially the concentration of land holdings in the hands of large-scale, export oriented agriculture--are a direct result of adjustment measures demanded by the IMF. The increasing marginalization of small farmers and a deterioration in all basic services--health, education and nutrition--are pushing increasing numbers of poor Costa Ricans onto ecologically fragile lands and into the country's increasingly violated national parks.

In contrast, the Costa Rican National Council of Small and Medium farmers proposes an agricultural production system that would emphasize soil conservation, sound water management and overall sustainable land use as opposed to the input intensive, export-oriented large scale farming operations favored under current adjustment policies.

In the Philippines, the most recent Letter of Intent of the Philippine Government to the IMF setting out its stabilization and adjustment policies for 1991 and 1992 in exchange for new IMF loans has spurred a nation wide grass roots protest campaign. The January 25, 1991 Philippine Letter of Intent embodies standard IMF prescriptions, starting with reducing domestic financing for imports and cutting government expenditures, and raising revenues through increased taxes. Much of the criticism of Philippine NGOs and Congressmen does not focus so much on the goal of stabilization per se, but on the typically socially regressive and unsustainable measures through which stabilization is to be achieved: typically social services of all kinds will be disproportionally affected (the health budget will be cut by 20%, instead of 15,000 new classrooms only 5000 will be financed etc.), increased taxes will be regressive in nature and long term domestic economic investment for sustainable growth will be drastically cut. The Philippine foreign debt will actually increase (the country will have access to a package of some $700 million in new loans), and 43% of the government budget will go for debt servicing.

Above all, Philippine NGOs and Congressmen have objected to the fundamentally, closed, secret, undemocratic, and--for the IMF, typical--way in which the latest letter of intent was negotiated: Philippine Senator Joseph Estrada protested publicly that the Philippine Senate received only a seven page summary of the 500 page Letter of Intent, and only after the Letter of Intent had been negotiated and agreed upon.

We should not be complacent in the United States, however; unless critically needed reforms are implemented in the Fund, the U.S. Congress, despite its prospective $12 billion commitment, will have no more access to critical information and internal IMF information and documents than the Philippine Senate.

Over the past two years, the Philippine public and many of its democratically elected representatives have mounted an unprecedented protest campaign against the unsustainable and undemocratic policies of the IMF. An umbrella group known as the "Freedom from Debt Coalition" has brought together hundreds of community councils, farmers' organizations, labor and womens' groups and environmental organizations as well as leading Philippine legislators in an attempt to push for more equitable, democratic, and sustainable IMF loan conditions and greater freedom of information in negotiations. This campaign has had the support of the Chairman of the Philippine Senate Banking Committee as well as the President of the Philippine Senate. Earlier this year, the Philippine House and Senate passed General Appropriations Bills that would limit Philippine debt payments to 15%, and 20% of merchandise export earnings, respectively.

Mr. Chairman, there is also increasing concern in grass roots constituencies around the U.S. about the need for environmental reform in the Fund. The IMF is rightly seen as the key public international actor in promoting and enforcing international economic policies that have tremendous implications for the global environment. As just one example of U.S. grass roots concern, I would point to 46,883 signatures from the state of Wisconsin alone that were presented on petitions addressed to the Managing Director of the Fund in 1990. The petitions, gathered from students and teachers from all over the state by a Dodgeville, Wisconsin- based group called Save the Rainforest, urged the Fund to undertake immediate and far-reaching reforms, particularly with respect to the impact of IMF activities on tropical forests. I have attached for the record copies of the correspondence between Save the Rainforest and the Fund's Managing Director, Michel Camdessus.[1]

The four national environmental groups I represent today urge the Subcommittee in the strongest terms not to approve the IMF Quota increase for FY 1992 until 1) Treasury submits the report to Congress required by Section 594 (b) of Public Law 101-167; 2) The Fund undertakes and makes operational the environmental reforms set forth in Section 594 (a) of Public law 101-167. The Environmental Defense Fund, National Wildlife Federation, Sierra Club and National Audubon Society cannot and will not support Congressional appropriations for the IMF Quota increase until as a bare minimum these modest environmental measures advocated by Congress in 1989 are seriously addressed and implemented.

In addition, we believe there is an urgent need for Treasury to advocate further institutional reforms in the IMF, along the lines of what Friends of the Earth is advocating in its testimony and in a March 29, 1991 letter to the Fund endorsed by Friends of the Earth, EDF, the National Wildlife Federation, the Sierra Club, the Natural Resources Defense Council and several other groups. These reforms call for, among other things, greater public participation and access to information about Fund programs and activities for people and NGOs in all member countries of the IMF. I have attached a copy of this letter for the record. We urge the Subcommittee to consider drafting further legislation for FY 1992 concerning these reforms, whose thrust is to promote greater environmental and social accountability in the IMF.

We also would suggest that a special hearing of the Appropriations Committee on the need for reform in the IMF--similar to those held by this Subcommittee on the World Bank several years ago--would be extremely useful and timely.

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[1] Part of this correspondence reflects our relative optimism last summer --unfounded as it turned out--that what appeared to be a general commitment of the U.S. Executive Director and the Fund's most senior management to initial environmental reform would result in real, operational changes.

We would be ready and happy, naturally, to meet and work with your staff to discuss these suggestions in more detail.

III. The World Bank

For FY 1992 The Administration is requesting appropriations totalling $1130.1 million for the World Bank and its concessional lending affiliate, the International Development Association (IDA). Since 1985 this Subcommittee has played a lead role in enacting legislation that has instructed the Treasury Department to promote key environmental reforms in the Bank and the three regional multilateral development banks. We do not believe more legislation is a priority at this time, but rather that more direct action is needed; for example withholding a portion of IBRD and IDA appropriations until the World Bank presents through Treasury credible action plans--with specific benchmarks and timetables--to greatly improve its environmental record in key areas such as conservation of forests and energy, improved environmental assessment procedures, and putting a much greater priority in actually implementing its policies concerning the relocation and rehabilitation of forcibly resettled populations. Although the Bank has made some incremental progress over the past year, its continued financing of new environmental and social disasters is absolutely inexcusable and unconscionable. We believe a survey of the Bank's recent record in selected areas fully supports our concerns and conclusions.

A. Limited Signs of Environmental Progress at the Bank

Although the World Bank's overall environmental record remains discouraging, there is no question that over the past year it has either approved or is preparing a number of innovative, environmentally beneficial projects that probably would not have been part of the Bank's pipeline without President's Conable's commitment to put a higher priority on environment in 1987.

In the Latin American Region the Bank approved in FY 1990 a $117 million National Environmental Project which, among other things, provides support to Brazil's environmental ministry for the establishment and strengthening of a national system of Conservation Units and provides for the protection of two of Brazil's most endangered ecosystems, the Pantanal (an interior wetland and floodplain area unique in the world), and the endangered coastal rainforest.

For Poland the Bank approved in the Spring of 1990 a pathbreaking $18 million project to assist Poland's Ministry of Environment Protection in environmental monitoring, environmental health measures, and management of solid and hazardous wastes.

In the Africa region the Bank's Board approved last spring a $26 million IDA credit for a Madagascar National Environmental Protection and Management project as the lead donor for an $88 million program to support a proposed network of 15 national parks, promote soil conservation and general support of the country's environmental institutions.

In China the Bank is preparing several major environmental projects in preparation or appraisal, including a $150 million urban pollution control project for Beijing, and two major projects of $100 and $150 million respectively to address urban and industrial pollution issues in Liaonging and Southern Jiangsu provinces.

In Mexico the Bank is preparing a $200 million Transport Air Quality Management project to address the main cause of air pollution in the Metropolitan Mexico City air, emissions from urban transport.

The Bank is beginning to prepare some new loans to promote energy end use efficiency and conservation in its FY 1991, including a an Industrial Energy Conservation Loan of $295 million for India and an $80 million Industrial Efficiency and Pollution Abatement Loan for Indonesia. A $385 million energy sector loan to Brazil approved by the Bank last June 14 included $30 million in support for end use efficiency research and investments by PROCEL, the efficiency and conservation unit of the Brazilian state electric utility ELETROBRAS.

Finally, in the particularly difficult area of rehabilitating populations forcibly displaced by Bank projects, the Bank is showing in at least one case in Mexico that with sufficient political will, it can do it right. In 1989 the Bank approved a $500 million Mexico Hydroelectric Project loan that is financing, among other things, two large dams at Zimapan, in Central Mexico, and Aguamilpa, in the northwest part of the country. The dams will forcibly displace about 4000 people. Here the project's Task Manager insisted that all resettlement issues and a resettlement plan that is in full accordance with Bank policies be resolved and prepared before final project was appraised and submitted to the Board for approval. The resettlement plans were discussed and accepted with the informed participation of the affected populations, and the plans involve not merely physically moving people to a new site, but investing in restoring and increasing their economic productivity. Equally important, the Mexico Hydroelectric Project supports a whole program to strengthen the environmental and social assessment capacities of the Mexican national electric utility, Comision Federal de Electricidad (CFE), the second largest enterprise, public or private, in Mexico. I have attached for the record a recent article on this project, from the World Bank's publication Bank's World.

These examples, however, sadly remain exceptions rather than the rule. Such projects have to be evaluated in the light of the overall impact of the Bank's $22 billion lending portfolio. Unfortunately, in Third World development a dollar invested in a flawed project often unleashes much more environmental and social destruction than a dollar lent for environmental purposes ensures in ecological protection and rehabilitation.

Nowhere is this more evident than in the case of the Bank's widespread inability and/or unwillingness to enforce its own policies concerning rehabilitation of populations forcibly resettled by its projects, or to seek out alternatives that would avoid such tragic dislocation in the first place. According to one estimate given by the Congressional Human Rights Caucus at a Briefing in September, 1989, World Bank financed projects are forcibly resettling more than 1.5 million people world wide. In recent months we have encountered new evidence of flagrant disregard for the Bank's own policies concerning resettlement and the environment in a number of projects in India, Thailand and Indonesia.

Legislation drafted and enacted by this subcommittee over the past two fiscal years has called for substantial environmental improvements in two key areas of tremendous importance for the global environment, forest conservation and energy end use efficiency and conservation investments. The Bank's record in these areas in its last complete fiscal year, 1990, can be characterized as a debacle with respect to the forestry sector, and totally inadequate with respect to changing priorities in the energy sector to give greater emphasis to end use efficiency.

Finally, there are serious problems and questions concerning the effectiveness and utility of the Bank's new Environmental Assessment procedure, as well as with the new Global Environmental Facility.

B. Forced Resettlement of Populations

There is no issue that should have a higher priority in an institution that ultimately justifies its activities as benefitting the poor in the developing world. It is simply unconscionable that international development institutions such as the World Bank finance projects that have the net impact of forcibly uprooting hundreds of thousands of poor people and making them worse off than before.

The World Bank in theory agrees, and has promulgated and strengthened since 1980 an exemplary operational policy that requires that in all Bank financed projects entailing the forced relocation of populations a number of measures: the borrowing government must prepare an implementable resettlement and rehabilitation plan by the time of project appraisal, such that the affected population will be put in a situation that economically and socially is as a minimum no worse and preferably an improvement over their condition before resettlement. Not only are Bank staff enjoined to strictly monitor the implementation of the resettlement and rehabilitation

plan, but the plan itself should be viewed as a development project in its own right, with the goal of promoting improved, sustainable livelihoods for the displaced population. Full participation of, and consultation with the affected population in the preparation of the resettlement plan is also a requirement, and the plan must be approved by the affected groups and their representatives. (The Bank's policy is codified in its Operations Manual as Operational Directive (O.D.) 4.30: Involuntary Resettlement.)

But over the last year we have encountered appalling evidence of recent and ongoing Bank financed projects where hundreds of thousands of rural poor are being displaced in the face of the Bank's inability and/or unwillingness to ensure these minimal standards of humane resettlement. Particularly in India, the problem appears to be virtually systematic in many Bank financed schemes and not a matter of isolated projects or incidents. In more and more projects involving forced resettlement the Bank is vitiating and traducing its policies and loan conditions concerning forcible resettlement, equitable treatment of tribal and indigenous people, and protection of the environment.

1. The India Subernarekha Irrigation Project

This is a project that entails the forced relocation of some 60,000 people (11,000 families) caused by the construction of two irrigation dams, Chandil and Icha, in the Northeastern Indian state of Bihar. Most of these people are tribals, belonging to the poorest and socially most marginalized segment of Indian society. The Bank approved an IDA credit of $127 million in 1982 for this project, temporarily suspended disbursements in 1988 and recommenced disbursements in 1990. New IDA credits and IBRD loans totalling $375 million are being prepared to finance the continuation of the project, with possible submission to the Bank's Board for approval later this calendar year.

From 1982 to 1989 the World Bank continued to postpone the closing date and disburse money for this project, despite the absence of any realistic resettlement plan that would have met the standards of the Bank's own policies concerning forced resettlement and treatment of indigenous and tribal peoples. For years the Bank was aware of this situation, and the risks to the welfare and indeed lives of tens of thousands of people it presented, but was content to continue disbursements while continually postponing deadlines and watering down its requirements. For example, in 1987 the Treasury Department inquired about the situation in Subernarekha and wrote EDF on July 16, 1987 the Bank "fully confirms its disappointment with the implementation." A Bank memo, sent by the Bank India Country Director to the U.S. Executive Director's office "confirmed the severity of the situation." But once again, the Bank backed down on some of its demands and extended the closing date for the project another year and continued disbursements. By the summer of 1988, the gates of the Chandil dam closed, threatening immediately some 10,000 hapless Indian tribal poor stranded without viable alternative means of subsistence, as well as more than 30,000 others within another 20 months as the reservoir filled. Reports from researchers at a regional university and from the Indian press described appalling scenes of mass misery and suffering, with some authorities stating that the situation required the emergency intervention of the International Red Cross. Belatedly, the Bank suspended loan disbursements, and postponed again the closing date for the project. The Bank recommenced funding last year, arguing that there had been sufficient improvement in the resettlement situation to justify further financing of the project. Indeed, the Bank is preparing additional loans and credits totalling $200 million and $175 million for the continuation of Subernarekhra in Bihar and Orissa states, respectively.

Local researchers and community activists in the project area maintain that the project authorities and Bihar state government have not complied with either Bank or Bihar policies concerning resettlement and that the Bank's recommencement of disbursements and preparation of new loans is abetting an unconscionable social and environmental catastrophe. I would like to quote from a December, 1990 report on the situation:

"But the poor are turned first into shifting refugees--they leave the [Chandil] reservoir area during the seasonal rise of water and return after the monsoon to cultivate their bits of land. When the dam is finished up to planned level in 1991, they will all have to go.

"News has gone around that sites selected for relocation are stony and infertile, and there are no plans for their reclamation. When the reservoir first started filling, 16 villages were evacuated. The 2120 families [about 12,000 people] of this first batch were to be relocated in 22 selected sites, but only ten per cent went there, and of that number half returned to their old villages as soon as the water seasonally went down. The other 90 per cent of this first batch of oustees slipped quietly away into the vastness of Indian humanity....

"The settlers have no way to earn a living and have to subsist mostly as shifting population with seasonal work. They have to travel 40 km to the project office repeatedly to make their claims. Most of the promised infrastructure, such as health and educational facilities, is not provided....

"And where rising water did force people out, there was evacuation in a crisis atmosphere. No compensation was ever paid for standing crops, which was another concern for the oustees' great anger....They have no hope of fighting the authority of government, so they quietly drift off as refugees in India's crowded, impoverished society." (Clarence Maloney, "Environmental and Project Displacement of Population in India Part I: Development and Deracination," Universities Field Staff International Field Staff Reports, 1990-91/No. 14.)

Not surprisingly, the Bank's continued negligence in enforcing its own guidelines is once again abetting the development of civil disorder and shameful violence against the poor: On April 5, 1991 approximately 500 local people, mainly tribals, began a sit-in at the Icha dam site in Bihar to protest its construction, and the lack of minimal resettlement provisions for the 30,000 additional people it will displace, mainly of the "Ho" tribe, living in some 61 villages. On April 9th, police arrested and detained about 250 people, including a locally well known social activist, Mr. Kumar Chandra Mardi. On May 6th, 1991 representatives of nine Indian local and national non-governmental organizations that work with the poor issued a statement condemning the actions of the police and project authorities, and called for a larger protest meeting in Bihar held on May 13, 1991, at which more than 10,000 people were expected. This statement--which is attached for the record in Appendix 10 along with several news articles on the Icha protests--noted in addition that violent actions against local people protesting unjust eviction from the Icha dam site dated back nearly a decade to 1982, when an activist from a local group was killed by police in a similar protest. The Indian NGOs also allege in their May 6th statement disturbing incidents of corruption and misuse of funds on the part of contractors and project authorities, including "withdrawal of excess payments, illegal removal of government property, filling of fake bank guarantees and false payments."

And where is the World Bank in all of this? As far as we know, it is still scheduling appraisal missions this summer and autumn for the Subernarekha Irrigation Project, and for the Subernarekha Multipurpose II Project, which together will reward the project authorities who have wrought the environmental and human rights scandals briefly described above with another $375 million in Bank loans and IDA credits.

2. <u>The India Upper Krishna Irrigation Program</u>

Given the abysmal record of World Bank financed projects involving forcible resettlement in India, it almost defies reason that the Bank approved in April, 1989 $325 million in loans and credits to continue support for a program that according to the Bank's own estimates now entails the forced relocation and dispossession of 240,000 Indian rural poor. The Upper Krishna Program involves the construction of two major irrigation dams in the Indian state of Karnataka, Narayanpur and Almatti, as well as approximately nine hundred kilometers of canals and roads. Bank support for the program began in 1978, with a large IDA credit (the Karnataka Irrigation Project, Credit 788-IN) that supported initial construction of the Narayanpur and Almatti dams as well as some canal works.

This first Bank Upper Krishna project, which continued through 1986, was by the Bank's own admission a social, environmental and public health disaster: some 18,000 people were displaced by the first phase of the Narayanpur dam, and according to a recent report of one researcher (citing internal Bank documents) "of those displaced by the Narayanpur dam, most stayed until their houses and lands were flooded or continued cultivating in seasons when the reservoir was low. They had nowhere else to go. Now, the World Bank has reported in an internal note that 85 percent were unable to replace their lost farmlands because of inadequate compensation. Those in the area who could be located were found to have suffered downward mobility and become wage laborers. Most oustees have migrated elsewhere and can no longer be found." (Clarence Maloney, "Environmental and Project Displacement of Population in India Part I: Development and Deracination," Universities Field Staff International Field Staff Reports, 1990-91/No. 14.) The first phase of the Upper Krishna Program that was supported by the Bank through 1986 also unleashed a malaria epidemic around the Narayanpur dam and reservoir and in surrounding irrigated areas. According to the Appraisal Report for the Upper Krishna (Phase II) Irrigation Project (April 12, 1989), "the proximity of labor camps to local villages and work during night shifts caused spreading of the disease and this was further exacerbated by mosquito breeding grounds created in shallow pools around the reservoir perimeter."

The project was also characterized by poor performance in other areas, including major delays and inefficiencies in construction.

The protests of researchers and activists in India and the miserable record of the Upper Krishna Phase I project did not deter the Bank from funnelling nearly a third of a billion dollars more into Phase II in 1989--and it is Phase II that will ensure the dislocation of more than 200,000 more Indian poor. The project--like the Narmada Sardar Sarovar dam and the Subernarekha scheme--does call for an ambitious resettlement and rehabilitation program, but the Bank's record in India in this regard gives little cause for optimism.

The Upper Krishna Program according to the Bank's own estimates will provide economic benefits to only 500,000 to 600,000 people (100,000 families), yet threatens nearly half that number of families that for the most part are already much poorer than the beneficiaries with deracination and destitution. It is clearly a project that never should have been supported by the World Bank.

3. India Sardar Sarovar Dam

This is a project that you personally, Mr. Chairman, have expressed your concern over, most recently in the February 11, 1991 letter that you and Senator Kasten sent to the President of the World Bank. We wish to thank you for this concern not only on behalf of U.S. national environmental groups, but most importantly on behalf of the 90,000 Indian tribal poor whose livelihoods and fate are threatened by this scheme. Your and your staff are more familiar with the controversy over this project than other World Bank financed schemes in India with equally disastrous environmental and social impacts. I would like to emphasize, however, that in light of the situations described above concerning the Subernarekha and Upper Krishna tragedies, Sardar Sarovar unfortunately appears more understandable. I say unfortunately, because we see a pattern here: the World Bank finances gigantic mixed purpose dams entailing the forced displacement of tens or hundreds of thousands of the poorest of the poor; the Bank continues support for the projects in the face of outrageous violations of the original loan conditions and its own environmental and social policies; the brazen flouting by project authorities of subsequent, increasingly watered down Bank ultimatums continues; and massive popular opposition to the project grows, threatening violence and civil disorder.

The Sardar Sarovar project is a mixed purpose (irrigation and power) dam being constructed in Gujarat state on India's largest westward flowing river, the Narmada. In 1985 the Bank approved credits and loans totalling $450 million to the support the project, which will forcibly displace more than 90,000 rural poor, mainly upstream in the states of Madhya Pradesh and Maharastra.

For the record, here is an updated summary of the situation at Sardar Sarovar:

1. After five years there is still no comprehensive, implementable, resettlement plan for the more than 90,000 people who will be displaced by the dam; in particular, Madyha Pradesh state (where more than 60,000 will be displaced) still has not presented an implementable plan, even though the Bank's Senior Vice President for Operations wrote the Indian central government and the Madyha Pradesh government in November, 1988 calling for this plan to be prepared by December 31st, 1988.

This situation is a flagrant and continuing violation of the Bank's policy on involuntary resettlement (Operational Directive 4.30), as well as of the original loan conditions and contradicts numerous conditions and deadlines communicated to the Indian authorities by Bank management over the past five years.

2. Since November, 1988, the World Bank has laid down four deadlines for resolution of specific resettlement and environmental issues, the most recent deadline being May 15, 1990--each time with weaker requirements--and all four deadlines have passed with negligible compliance with the required measures.

3. Eight critical environmental studies that were to have been completed by 1985 as a precondition for going ahead with the project have still not been completed.

4.The main co-financer of the project, the Japanese Overseas Economic Cooperation Fund (OECF), has announced its withdrawal from the project after unprecedented public hearings and media attention on the project in Japan last spring.

5. Most of the local population to be displaced by the project has declared its opposition and categorical refusal to move from the area; several mass demonstrations numbering as many as 60,000 people have occurred near the dam site over the past 18 months, with increasing police violence and civil confrontation. The most recent demonstration occurred in December, 1990 and January 1991 when 6000 protesters staged a march of hundreds of miles through the Narmada River Valley pledging to sacrifice their lives to oppose the project.

6. Twenty-three members of the Japanese Diet, and 120 of the 200 members of the Finnish Parliament sent letters of protest to World Bank President Conable last year calling for the Bank to halt its funding of the project.

7. The Bank's President, in response to the requests of concerned Executive Directors, has taken the unprecedented step of convening a special Independent Mission to review the situation at Sardar Sarovar. This event is a regrettable comment on the increasingly widely shared perception that the Bank's India Country staff cannot be relied on to give an unbiased account to the Bank's shareholders of what is actually happening in controversial projects such as Sardar Sarovar.

8. The Bank not only continues to support the Sardar Sarovar project, it is preparing a new $150 million IDA credit that in large part will finance measures to mitigate the adverse environmental impacts of the Sardar Sarovar dam, and to attempt to protect the watershed of the reservoir. The fait accompli of the Bank's lending pipeline already assumes the dam will be completed. Moreover, this environmental mitigation loan will also address some of the environmental impacts of a second Narmada River dam, the Narmada Sagar project, which would forcibly displace another 100,000 rural poor. This proposed project is even more controversial than Sardar Sarovar, and the Bank has added and dropped it from its lending pipeline several times in recent years. NGOs in India fear that the Bank still is planning to finance Narmada Sagar, once Sardar Sarovar and the $150 million environmental mitigation loan are a fait accompli.

9. The letter that you and Senator Kasten sent to Barber Conable on February 11, 1991, stated among other things, that "We would hope that the investigation (of the Independent

Mission] will include assessments of the resettlement and rehabilitation plans, the environmental impact studies, the implementation plan for the irrigation system beyond construction of the dam and the canal works, and the level of secured funding to finance the full implementation of the projects." This call for comprehensive terms of reference for the investigation frankly was not answered in Mr. Conable's response to you of February 28th, 1991, which states that "Other aspects [besides environment and resettlement] such as the implementation plan for the irrigation system and the overall financing plan do not give rise to undue concern and, in any event, are being monitored closely through the Bank's twice a year supervision effort."

EDF has written to Mr. Conable to express our strong disagreement with his contention that the other aspects of the project you suggested be addressed in the investigation "do not give rise to undue concern." We note that these matters have been raised as serious concerns calling into question the viability of continued Bank support for the project in a special Congressional Hearing held by Congressman James Scheuer of the Subcommittee on Natural Resources, Agriculture Research and Environment on October 24, 1989, as well as in questions and debates in the Japanese Diet, Finnish Parliament, and in governmental and non-governmental fora in India.

4. Thailand Pak Mun Dam

National environmental groups in Washington do not go "fishing" to find World Bank financed environmental and resettlement disasters; rather hardly a week goes by without our receiving an urgent, often poignant request from a Third World non-governmental or community group to do something to avert or stop a Bank financed eco-catastrophe. One of the most recent is the proposed Pak Mun Dam in Thailand's Khong Chian district for which the Electrical Generating Authority of Thailand (EGAT) is requesting financing. The Pak Mun Dam would be supported through the World Bank's $55 million Third Power System Development Loan, which is already appraised and scheduled for Board approval this summer.

Non-governmental groups in Thailand assert that there has been no informed participation of the more than 20,000 villagers who will be adversely affected or displaced by the proposed dam. They claim that:

1) The Bank's prospective borrower, EGAT, has refused local requests for information about the Pak Mun project. There are allegations that EGAT has misled the population concerning resettlement and compensation, and that EGAT authorities have resorted to intimidation to silence local voices expressing concern about the environmental, social and economic impacts of the project.

2) Over the past two years Thai Non-governmental organizations have repeatedly warned that the dam will flood valuable farmland and destroy fisheries which are critical sources for local people as well as a pillar of the local economy. It is also feared that the project will lead to the rapid spreading of water borne diseases.

There appears to be a high risk that a large number of people will be impoverished as their livelihoods, which are based on sustainable long-term use of the region's natural resources, will be destroyed by a project that has so far been beyond public scrutiny and accountability. There is considerable apprehension that the Pak Mun dam may repeat the situation of the nearby Srindhorn dam which was completed in 1967. In this case, the population was resettled in infertile land, suffered increased poverty, and ended up moving elsewhere in search of a livelihood.

The Bank has prepared an environmental assessment for the project, in attempted compliance with its new policy on Environmental Assessment (Operational Directive 4.00), which became operative late last year. The assessment addresses at least formally a number of the issues raised by the Thai NGOs and community groups, but it appears to rely on earlier studies dating back to 1982 by EGAT that were prepared with independent input, or local participation or consultation. With respect to resettlement, the Bank's EA appears to reflect no independent input

whatsoever, but merely repeats EGAT's assertions. In this respect the assessment violates Bank polices on involuntary resettlement and environmental assessment, both of which urge (and the resettlement policy requires) that consultation and local participation take place as the assessment and resettlement plan are prepared, which is to be done before appraisal. The strong and widespread protests of the local population indicate serious deficiencies and problems in both the preparation and the substance of the Bank's assessment: local farmers are refusing to move, alleging the resettlement land is uncultivable, and Thai human rights groups claim that as many as 20,000 people live in the reservoir zone, not 262 families as the Bank and EGAT assert.

Last March, villagers from the dam and reservoir area presented a World Bank official in Thailand a petition with over 12,000 signatures protesting the Pak Mun project and the World Bank's support for it. This time, the villagers asserted in person to a World Bank official that they have been subjected to threats by EGAT authorities and that they have received contradictory and conflicting information about the number of people who will be forced to move. Because Thailand recently suffered a military coup, and is under martial law, these protests to the World Bank have been made at considerable risk to the economic and physical security of the groups and individuals involved.

Over the past several months these protests have continued. Late last month, on May 21st, more than 800 local villagers gathered near the dam site to protest the dam and to reinstate a local religious shrine in the construction area that had been bulldozed by French contractors. Several arrests were made and Thai authorities asserted that large public gatherings were illegal under martial law.

Thai NGOs are calling upon the World Bank's donors to hold the Bank minimally accountable to its burgeoning rhetoric on "sustainable development." For example, on April 22 the Director of the Thai Project for Ecological Recovery wrote Gro Brundtland, Prime Minister of Norway, to protest both Norway's co-financing of the project and prospective Norwegian support for World Bank financing of the dam:

"In light of the lack of a rigorous environmental impact assessment, the deplorable lack of due process for the people who would be directly affected by the dam, and the absence of a review of cost effective, environmentally sound energy alternatives, we urge you to reconsider Norway's involvement in the Pak Mun project. Indeed, we believe support for the Pak Mun project would be tantamount to rewarding the NPC and EGAT for their denial of citizens' rights and their circumvention of Thai law governing national parks.

"Rather, we appeal to you to uphold the Brundtland Commission principles of citizens' participation and sustainable development, in support of the people of the Mun River in their efforts to defend their environment, by requesting that NORAD [the Norwegian aid agency] immediately terminate negotiations for financing the delivery of Norwegian equipment and/or services to the Thai government for the Pak Mun hydropower project. We also urge you, as the Prime Minister of a World Bank donor country, to recommend "no" to World Bank financing for the project." [emphasis added]

Mr. Chairman, the least these courageous Thai non-governmental and citizens's groups deserve is full and complete compliance by the World Bank with its own policies concerning resettlement and environment, as well as an immediate postponement of any Bank financing for this project until these issues are fully addressed and clarified. Once again, the Bank is on the verge of lending for a social and environmental tragedy that will harm first and foremost the very poor in whose name it is requesting the U.S. Congress to appropriate over a billion dollars for FY 1992.

I have attached for the record copies of recent correspondence between Thai groups concerned about the project and the World Bank, as well as several recent Thai newspaper articles on the Pak Mun project.

5. Forced Resettlement in World Bank Projects: the Need for Congressional Action

Regrettably, these projects are only a sample of recent and ongoing Bank financed schemes that are displacing more than 1.5 million people world-wide, with at least another 1.5 million in the pipeline. In India, more than a dozen huge Bank financed coal mines and coal fired power plants have displaced hundreds of thousands of rural poor with little or no compensation over the past decade, and in Indonesia many of the hapless thousands displaced by the Bank financed Kedung Ombo dam in Java still have not received adequate compensation. All of this in flagrant violation of the social and environmental policies that the Bank is constantly improving, especially since 1987.

We urge the Congress to withhold a portion of the Bank's FY 1992 IBRD and IDA appropriations until the Bank presents to the Treasury Department and the Appropriations Committees a credible plan to make rigorous implementation of its policy on Involuntary Resettlement an operational reality in all regions, rather than an excuse to continue financing unconscionable environmental and social debacles.

C. Disarray in Bank Forestry Lending

In no other area has the Bank emphasized its purported environmental commitment over the past four years more than in the forestry sector. In May, 1987 President Conable emphasized in his speech announcing Bank environmental reforms that the most important focus of the Bank's new environmental lending would be to contribute to a global program to support tropical forest conservation. To that end he committed the Bank to increase its forestry lending 150 percent by 1989, and in September, 1989 in a speech in Tokyo Mr. Conable announced a tripling of Bank forestry lending through the early 1990s. If this target is met, Bank forestry lending could approach $800 million annually by 1992 or 93.

Last year this commitment appeared to be taking an Orwellian twist: national and international environmental groups became increasingly concerned that the Bank's new forestry loans appear to be little more than massive infusions of cash to promote the accelerated commercial logging of some of the planet's last remaining intact forests. The projects are typically accompanied by environmental window dressing: 2 or 3 percent of project funds to promote protection of small existing protected areas, and an underlying rationale that much of the forest will be destroyed in any case so that the Bank must exert its leverage to keep the devastation within acceptable bounds. But past experience shows that in many cases it is precisely the Bank's infusion of tens or hundreds of millions of dollars into ecologically precarious frontier situations that has the net effect--whatever stated intentions may be--of transforming local problems into national ecological disasters. Over the past year, formerly non-advocacy environmental groups such as the World Wildlife Fund have strongly criticized Bank forestry loans and helped mobilize concern among the Bank's Executive Directors in attempts to stop and modify them.

According to the report the Treasury Department submitted to the House Appropriations Committee on November 30, 1990, the Bank lent $627 million for eight freestanding forestry loans in its FY 1990. The report did not mention, however, that three of these eight projects already have become subjects of intense international environmental controversy and criticism: the Guinea Forestry and Cote d'Ivoire Forestry Sector Loans, and the Mexico Forestry Development Project.

In fact, the U.S. World Bank Executive Director abstained largely on environmental grounds from approving the Cote d'Ivoire project in April, 1990. Indeed, the Cote d'Ivoire project is a good example of the Bank's approach to forestry. Incredibly, despite the U.S. abstention and unprecedented international outcry, the Bank chose to cite this project as one of its model "Freestanding Environmental Projects" in the First Annual Report on the World Bank and the Environment it released to the public last September. (See Appendix 5, The World Bank's First Annual Environment Report)

The $80 million Cote d'Ivoire loan will finance and promote timber production "on a sustainable basis" in a half million hectare rainforest area under the management of local logging companies. U.S. Executive Director Patrick Coady was concerned about the opening of new forest areas for logging. But he also argued in his statement explaining his abstention that the project failed to address the "[in]voluntary resettlement of as many as 200,000 people" living in the proposed forest concession areas. Astoundingly, the Bank's appraisal of the project once again flagrantly violated its own policies on resettlement: it lacked both terms of reference and specific measures on resettlement of people to be displaced by the project.

The Guinea, Cote d'Ivoire and Mexican forestry projects are discussed in more detail in an attached appendix to this statement. The Cote d'Ivoire Project has already been temporarily suspended because of environmental problems, and the Mexican project is on the verge of suspension. These projects are described in more detail in Appendix 6.

This is an appalling record for the sector that was supposed to be the showpiece of the Bank's new, positive commitment to environmental lending.

Indeed, the controversy over the Bank's forestry lending in the first half of 1990 led to an embarrassing reversal: several Executive Directors led by the U.S. asked Bank management to delay future forestry lending until a new Bank Forest Policy could be prepared that would put more emphasis on conservation.

This policy has been in preparation for nearly a year. The Bank still hopes to have a new policy by the beginning of its fiscal year in July. The final draft of the forest policy was circulated on May 10, 1991, and reviewed by the Bank's Board of Executive Directors at the end of May. While the most recent draft makes a number of general statements which are ecologically sound and encouraging--including a much needed commitment by the Bank not to finance logging in primary tropical forests--it has two major flaws: First, its actual discussion of operational implications for future Bank lending is so vague and lacking in specific criteria that it arguably could allow much Bank forestry lending to continue as before, despite the Policy's "green rhetoric;" and second, the Policy Paper reflects little if any of the Bank's extensive past experience over the past decade with controversial and failed forestry projects, and with large scale infra-structure projects financed by the Bank that have had tremendous negative impacts on tropical forests. The May 10 Forest Policy Draft even virtually ignores the observations and conclusions of a special report on the Forestry Sector prepared by the Bank's Operations Evaluation Department with the express purpose of providing input for the Forest' Policyl

The national environmental groups I represent today have major concerns about both the way the policy has been prepared and the minimal standards and criteria we still hope to see it set forth operationally. Many of these concerns are set forth in more detail in a recent letter sent by leading U.S. national environmental groups to the Executive Directors of the Bank on May 27, 1991 (attached for inclusion in the record), but I will briefly summarize several of the most important ones here:

1. Stated intentions of Bank staff to the contrary, the process of preparation for the Forest Policy has been characterized by a relative lack of transparency and lack of involvement of local communities and NGOs, particularly in borrowing countries. Attempts to schedule a meeting between representatives of some developing country NGOs and Bank staff to discuss the draft policy were postponed on several occasions over the past six months; among other things, the Bank claimed it did not have the resources to facilitate the travel of NGOs to Washington to discuss the policy. Incredibly, the Bank requested $40,000 from the Ford Foundation to help cover the experses of the meeting, which finally took place in late April. This, from an institution whose administrative budget totals nearly a half billion dollars annually.

2. The needs and involvement of forest dwelling, forest dependent and indigenous peoples should be a priority of Bank forest lending. Contrary to previous Bank assertions, there is no "trade-off" between development and conservation for forest dwelling and dependent peoples,

which number more than 500 million around the globe, since for these peoples conservation of the resource on which they depend is the sine qua non of their continued economic and cultural existence.

3. All Bank forestry lending must continue to be delayed--and subject to revision--until the new Forest Policy, acceptable to the Bank's Board and to NGOs, particularly those representing forest peoples, is operational. This is a matter of particular concern for our groups, since despite the international criticism and poor record of its FY 1990 forestry lending program, two new forestry sector loans are now in preparation which do not appear to reflect a significant change in approach from the Cote d'Ivoire loan: forestry loans of $30 million and $43 million are in preparation for Gabon and Zaire, respectively. These proposed projects appear to be considering components aimed at making forest concessions in Africa's remaining central equatorial rainforest 'more sustainable,' i.e. the promotion of logging concessions that will have longer time spans and larger areas than previous management systems. This is precisely the approach that prompted the storm over the Cote d'Ivoire sector loan that created pressures for the ongoing revision of the Forest Policy in the first place! Incredibly, two of these projects have been put under the Bank's environmental assessment category "D", i.e. according to the Bank, "Environmental projects, for which separate Environmental Assessments may not be required since environment would be a major focus of project preparation."

We urge the Subcommittee to withhold part of the FY 1992 appropriations for the World Bank until it makes operational a Forest Policy Paper that will set clear guidelines and commitments along the lines discussed above.

D. Bank Energy Lending: No Overall Progress in Promoting End-Use Efficiency

Since 1985 this Subcommittee has enacted legislation urging the U.S. Executive Director of the World Bank to promote, among other things, a greater emphasis in World Bank energy lending on investments in end-use efficiency and conservation. The FY 1991 and 1990 appropriations legislation went farther in this regard and directed the U.S. Director to promote detailed institutional reforms in the Bank's energy sector, again oriented towards making Bank energy lending truly least cost by focussing more on measures to promote demand side, end--use efficiency in the industrial and other sectors. World Bank President Conable announced in the same Tokyo, September, 1989 speech where he committed the Bank to triple its forestry lending that the Bank would "play a leadership role" in energy efficiency. Finally, the Donors' Agreement that accompanied the Ninth Replenishment of the International Development Association--which will represent the lion's share of U.S. MDB appropriations for FY 1992--explicitly called upon the Bank to "expand its efforts in end-use energy efficiencies and renewable energy programs and to encourage least-cost planning in borrower countries. IDA should consider its expertise in this area and further integrate the Energy Sector Management Program (ESMAP)[2] activities into lending operations."

Once again, despite an escalation in Bank rhetoric over the past two years, the record speaks for itself. The information provided by the World Bank to the Treasury Department, and conveyed to the House Appropriations Committee in Treasury's November 30, 1990 report, shows that at least as far as the Bank's 1990 energy portfolio is concerned, little has changed. Of nine energy sector loans totalling $1.789 billion, only one, to Brazil, contained an end use efficiency component for approximately $30 million, which we already referred to in Section III A above. This is the same unacceptable level of end-use efficiency investments--less than 2%--

[2] ESMAP was set up in 1983 with additional funds from numerous bilateral and multilateral donors, including USAID, as a joint World Bank/UNDP program to promote investments in energy efficiency and conservation in developing countries. Its work has focussed mainly on pre-investment studies and pilot projects. Currently ESMAP funding for ongoing projects is around $34.4 million. Regrettably, ESMAP is a classic example of an "additional" environmental program housed in the World Bank that has had little impact on the main body of Bank lending, in this case, energy lending.

which has characterized the Bank's energy portfolio for two decades. The Treasury report also tells the Appropriations Committee in no uncertain terms that this fiscal year will be no different: "The [FY 1991] program will again include physical components aimed at increases in efficiency, similar to those in FY 90. (That is, one can expect rehabilitation components for transmission and distribution aimed at loss control, and also components aimed at efficiency of power generation.) Pressure to improve pricing will increase...." In the face of a virtual avalanche of studies on the huge potential economies of demand side efficiency investments and five years of Congressional directives, the Bank, through Treasury, still cites its supply side investments in Transmission, Distribution and Generation, and its adjustment policies to promote higher pricing of electricity as its main contributions to conservation and efficiency. These measures are important and necessary, but beg the fundamental issue of the need for true least cost energy planning--which would examine demand side investment options alongside with proposed alternative new generating infrastructure.

The Bank's continued negligence in pursuing investments in energy efficiency and conservation is particularly disturbing in light of the fact that the Third World is facing a little-known "energy crisis" which, due to the high cost of many energy investments and serious constraints on available capital, means that it will be impossible for many developing countries to meet their expected demand for energy in the coming decades strictly through increased energy supply. In many developing countries one-quarter to one third of all public investment is now going for electric power; moreover, this proportion is growing and is still insufficient to meet energy demand. EDF has prepared a case study of the energy situation in India, which is included in the Appendix to this statement, that indicates that India's current energy investment has grown from 20% to 35 % of its budget over the past decade.

Moreover, current patterns of energy development in developing countries entail profound international environmental risks, not the least of which is global warming through increased C02 emissions.

There is a way out of this double bind. According to respected Third World energy specialists as well as, ironically, recent World Bank studies, Brazil, India, Costa Rica, and many other developing countries can cut the need for growth in power generating capacity by up to 30% or more through investments in state-of-the-art industrial equipment, lighting systems, air conditioners, and other energy- saving appliances. The cost of such energy saving investments is often a third or quarter of the cost of the investments that would be necessary to free up the equivalent amount of power through new generating facilities.

A recent World Bank draft energy study proposal succinctly summarized the enormous economic implications of this alternative energy investment scenario: "Estimates suggest that if 20 percent of commercial energy in developing countries were saved, total gross savings for developing countries would amount to about US $30 billion per annum or about 7.5 percent of the total value of merchandise imports. This is about 60 percent of the net flow of resources out of developing countries for debt service in 1988, and about two-thirds of the official development assistance from OECD and OPEC countries in 1987. While these savings estimates are gross and do not take into account costs associated with achieving them, additional savings in energy supply investment and non-energy related efficiency gains have also not been included. What these numbers indicate is that the magnitude of the economic impact of potential energy efficiency improvements in the developing world is very large. [emphasis added]." ("Implementing Energy Efficiency Activities in Developing Countries, A Cross-Country Examination of Energy and Environmental Issues, Constraints and Options," World Bank Energy Sector Management Assistance Program, Activity Initiation Brief, April 1990, pp. 3--4.)

The economic and environmental need for a shift in the energy lending of the World Bank and other MDBs is overwhelming. We cannot afford any longer to appropriate money for the World Bank and other MDBs if they do not demonstrate a radical reorientation of their lending operations in the energy sector to make investments in end use efficiency and conservation an absolute priority.

There is no need for new legislation in this matter. Certainly the Bank has been given every chance and more than enough time to change its energy lending portfolio. The House Committee on Appropriations has enacted bill and report language urging Treasury to advocate a much greater priority for end use efficiency investments in the Bank's energy sector since 1985--a period that now is considerably longer than the duration of U.S. participation in World War III We believe that the only option left is for the Congress to withhold a significant portion of FY 1992 IBRD and IDA appropriations until the Bank presents to Treasury a credible plan and timetable for following the energy efficiency recommendations of the FY 1990 and 1991 Appropriations legislation.

E. The Need to Strengthen the World Bank's Environmental Assessment Procedures

1. Background

On October 31, 1989, the World Bank issued an operational directive (OD 4.00) on environmental assessment (EA) in World Bank projects. Although the operational directive was a welcome development in Bank policy, the consultation process in developing the OD was totally unsatisfactory because there was little effort by the Bank to incorporate the concerns and issues raised by NGOs in the final OD.

It also was evident to non-governmental groups from the beginning that there were serious substantive deficiencies in the OD. Nor did the OD measure up to widely accepted international environmental impact assessment standards set by the United Nations Environment Program in 1987.

Key deficiencies in the OD include, among other things: it has no binding requirement for public participation or access to information; there is no mechanism to ensure public availability of the completed EA or related documents; it does not apply to whole categories of lending with serious environmental implications, such as sector and adjustment loans; and the threshold decision to conduct an EA lies largely in the hands of the project Task Manager, who designates a project under one of four categories; three of which do not require a full environmental assessment.

These and other issues have been raised by NGOs in several meetings and correspondence with Bank staff over the last seventeen months. The need for greater public participation and access to information during the EA process was also codified in the IDA 9 Donor replenishment agreement in 1990:

"The preparation of the EA report would be part of an ongoing process of consultation with affected groups and relevant local NGOs and the completed report would be made available to such groups. The report would also be made available at this stage to Executive Directors....this would be well in advance of their consideration of the project..."

After considerable public pressure and criticism, the Bank recently agreed to revise the environmental assessment OD. Barber Conable is scheduled to announce the completion of the new OD at the World Bank annual meeting in Bangkok, October 14-18, 1991. However, it is unclear at this point which of the shortcomings of the original OD will be addressed and revised in the new version. NGOs have requested copies of the draft revisions in order to comment on it, but the Bank has not yet released the draft.

2. Needed reforms

The following areas of the October 1989 Operational Directive are in need of reform:

a) Public Participation and Access to Information

Public participation is a critical factor in decisions to redesign or abandon an environmentally questionable project proposal. As the OD is now written, there is no firm requirement for public involvement and scrutiny of a project at an early stage. The policy states that the Bank "expects" the borrower to take into account the views of affected groups and local NGOs, but does not make public involvement a requirement of the EA process. The OD also does not discuss critical issues such as public availability of the draft EA, the opportunity for the public to submit written and oral comments, the necessity for response to public comments, or a for a publicly available explanation of the final resolution of the environmental issues in the design of the loan. The OD now only "encourages" the borrower to release relevant information to appropriate interested parties.

In the revised Operational Directive, there must be a requirement for public participation in the EA process, and the final EA must be released to the public and the Executive Directors in the World Bank before appraisal of the project. If the borrower government does not involve the public in the EA process, the Bank should not proceed with the appraisal or any further work on the project. Public involvement means there must be a requirement that comments and concerns of the public be documented and included in, or attached to the EA; the draft EA and final EA must be available to the public in their native language, and the final EA must contain an explanation of the final decision on the proposed project describing how environmental concerns and alternatives were taken into account. All project proposals, technical reviews, and studies supporting the EA must be made available to the public in the borrowing country and to the people affected by the project.

b) Limited Applicability of the Environmental Assessment Process

The OD excludes non-project sector lending and structural adjustment lending, which are a significant proportion of World Bank operations. For example, the OD would not apply to an energy sector loan although the loan might ultimately help finance megaprojects such as thermal power plants or large scale dams which invariably have adverse environmental impacts. The OD must be revised to specifically address sector lending and structural adjustment lending. Additionally, the environmental impacts of a project cannot be considered in isolation of surrounding projects, or in isolation of the global impacts of major development programs. The OD must be revised to specifically address the cumulative impacts of projects and global impacts (such as contribution to the greenhouse effect) of projects.

c) Environmental Assessment Categories

The OD does not require an EA to be completed for all projects that may have an impact on the environment. The Bank's current environmental assessment process has a list of categories from A-D which range from projects which require an EA or a limited EA (A-B) to projects which don't require an EA (C-D). The project Task Manager has the most important role in determining this EA classification, a situation that has already led to projects with very significant potential adverse environmental impacts being classified as category "D," which the Bank defines as "Environmental projects, for which separate Environmental Assessments may not be required since environment would be a major focus of project preparation.'

Currently category "D" projects include disastrous forestry projects such as the $80 million Cote d'Ivoire forestry sector loan that the U.S. refused to approve on environmental grounds, and two proposed Bank forest sector loans for the Cameroon and Gabon, which may involve support for managing private logging concessions in pristine tropical rainforests.

Even Category "B" allows the project Task Manager and the borrower to avoid any kind of rigorous environmental assessment, even within the hortatory, conditional standards of the Bank's current EA process. For Category "B," according to the Bank's EA policy, "more limited environmental analysis is appropriate [as opposed to an environmental assessment], as the project may have specific environmental impacts." One of the first projects in the Bank's massive

Bangladesh Flood Control Plan--which may become one of the most ambitious flood control and embankment construction programs in history--is classified as Category B, requiring no formal EA.

Category "D" should be deleted and all so-called "environmental" projects should be subject to a full EA. All forestry loans and credits should be subject to a full EA. Additionally, all loans and IDA credits which involve the forced resettlement of people, including "freestanding" resettlement projects should be subject to a full EA.

A procedure should be developed which would allow project-affected populations and NGOs to challenge the classification of a project in a EA category requiring a less rigorous level of environmental analysis.

In addition, the Directors of the Bank's four regional environmental divisions should have the final say in the decision to conduct a full EA or not; not the project Task Managers who tend more subject to institutional pressures to move projects ahead as quickly as possible with delays that may be posed by fuller environmental assessment.

Again, we urge the Subcommittee to ask Treasury and the World Bank to indicate a concrete commitment to changes in the EA process along the lines described above as one of several conditions to be met before all of the FY 1992 World Bank appropriations are released.

F. Ineffectiveness of the World Bank's Operations Evaluation Department (OED)

The continuing environmental and social problems that characterized too many World Bank projects are basically ones of quality control: the Bank does not appear to have a very effective institutionalized learning and feed-back process. One sees time and time again the same mistakes and problems being repeated in new projects in different regions.

Yet, since the mid-1970s the Bank has had a post-project evaluation department (the Operations Evaluation Department--OED) that is completely independent and reports back directly not to management but to a sub-committee of the Bank's Executive Board of Directors, the Joint Audit Committee. Indeed, OED was set up in direct response to a U.S. Congressional initiative, known at the time as the "Seldon Amendment." OED prepares independent "Project Performance Audit Reports (PPARs)" for more than 60 percent of completed Bank projects, and also prepares special sectoral studies at the request of the Joint Audit Committee.

Many of the PPARs, especially in draft form, are remarkably candid and insightful in describing the problems with Bank lending programs. Yet, the system does not work very well: Task Managers and Country Directors do not appear to have much real incentive in the Bank to incorporate the lessons of OED into project preparation. We have one more example of a World Bank procedure and policy that looks praiseworthy in theory, but which through the real priorities of the Bank is relegated to relative insignificance.

The U.S. Executive Director is the Chairman of the Joint Audit Committee. We understand that he and Bank management have been examining ways in which OED can be made more effective, but we do not know whether this will result in real institutional change. Given the history of past initiatives to improve project quality in the Bank, we believe the likelihood of real change occurring will be greater with an explicit expression of concern from the Appropriations Committee about the need to make Bank Country Directors and Task Managers more accountable for incorporating the recommendations of OED in the project cycle.

IV. The Global Environmental Facility (GEF)

Over the past 15 months the World Bank has aggressively promoted before its major donors an entirely new, Bank entity--the Global Environmental Facility. Although the seed, as it were, for the GEF came from a French government proposal at the Bank's annual meeting in 1989, it

was quickly seized upon by the Bank's financial department, which has taken the lead in aggressively developing and promoting the GEF before the Bank's major donor members.

The proposed GEF would give out about $1.3 billion in grants (1 billion SDRs) to developing and former East Block nations over a three year period for special environmental projects in four areas: protection of bio-diversity, limiting emissions of CO2 and other greenhouse gases, protection of the ozone layer through promoting alternatives to CFC (chorofluorocarbon) emissions, and protection of international waters.

The GEF would be jointly operated by the Bank along with the United Nations Environment Program (UNEP) and the United Nations Development Program (UNDP), though the role of these two U.N. agencies would clearly be minor in comparison with that of the Bank. UNDP would assist in technical support and pre-investment studies through its country field offices, and UNEP's main role currently is to assemble a "Scientific and Technical Advisory Panel" that would advise the GEF in review and selection of projects.

Over the past year EDF, NWF, the Sierra Club and the National Audubon Society, as well as the Natural Resources Defense Council and Friends of the Earth, have expressed their concerns about the GEF to World Bank officials and the Treasury Department.

Our principle concern is that while the GEF projects themselves when viewed in isolation are for the most part worthwhile and praiseworthy initiatives of the kind our groups have been advocating for years, they will at best be good money thrown after bad if the World Bank does not make much more progress in reforming its main lending operations. These operations are running at a rate of $22 billion in new loan commitments a year, supporting projects and programs whose total cost is probably well over $60 billion.

Of what use is it for the World Bank to spread $100 million a year in grants among more than 100 countries for three years to protect bio-diversity if it will be lending at the same time nearly a billion dollars a year for forestry projects in the tropics that will in part support expansion of commercial logging concessions in pristine tropical forests? What good will another $100 million in grants a year do to reduce CO2 emissions while the Bank continues to lend billions for huge coal fired power plants in India and China without considering least cost alternative demand side investments that could obviate the need for many of these plants? Donor countries, including the U.S., have already given tens of millions of dollars to the ESMAP program within the World Bank, with negligible effects on changing the priorities of Bank energy lending to give greater emphasis to end-use efficiency investments. (see discussion above in Section III. D) What stake will poor populations in the developing world have in GEF projects if they are conducted along the same lines of obsessive secrecy and closed, top-down, bureaucratic planing that characterizes so much of the Bank's current way of operating?

Of special concern is the fact that most GEF projects (those of $10 million and above) will be components of larger main stream World Bank projects and loans, for example, in the energy and forestry sectors.

Thus, if the GEF is not closely linked to more effective environmental reform efforts in the Bank's main lending sectors, GEF projects may represent little more than a "green bait" added on to ecologically unsustainable lending programs. As such they will have no impact on the root causes of environmental degradation which are often linked to a highly inequitable and non-participatory development process--what Michel Camdessus himself has characterized as environmentally ravaging "pseudo-growth." The proposed GEF biodiversity protection project for Cameroon that will be tied to an upcoming World Bank forestry sector loan for that country illustrates well these issues. Attached for the record is a recent letter of EDF to the World Bank expressing our concerns about the GEF Cameroon project that has been endorsed by 32 environmental groups from 10 countries around the world.

Rather than contributing directly to the GEF, the administration is asking Congress to provide $150 million ($50 million annually) in "parallel" bilateral financing through complementary

USAID programs over the GEF's three year life. The House FY 192 Foreign Operations Appropriations Bill (H.R. 2621) directs AID to target $50 million for "projects associated with" the GEF, and in addition appropriates $50 million for "payment to the [World Bank] by the Secretary of the Treasury to the Global Environmental Facility." Provided certain conditions are added, we endorse the House approach, since there is little practical likelihood that the USAID GEF contributions would be truly additional in either a financial or programmatic sense. A direct, but carefully conditioned contribution to the World Bank for the Global Environmental Facility will be important in ensuring that the U.S. is able to exercise strong leverage and aggressive oversight in the initial three year pilot phase of the GEF.

We believe, however, that the FY 1992 U.S. GEF appropriation must be accompanied by vigorous Congressional efforts to push the World Bank into cleaning up its environmental act, including withholding a portion of FY 1992 World Bank appropriations until the Bank can demonstrate concrete commitment and progress in cleaning up its environmental act as described above in the areas of forest and energy conservation, forced resettlement, and environmental assessment.

We urge the Subcommittee to release the FY 1992 GEF appropriation to the World Bank only if the Bank and the other GEF implementing agencies meet several specific conditions:

* First, we believe that the FY 1992 U.S. GEF appropriation must be accompanied by vigorous Congressional efforts to push the World Bank into cleaning up its environmental act, including withholding a portion of the FY 1992 World Bank appropriations until the Bank can demonstrate concrete commitment and progress in cleaning up its environmental act, as described above, in the areas of forest and energy conservation, forced resettlement, and environmental assessment.

* Second, the GEF implementing agencies must agree to make available to the public in donor and recipient nations complete documentation on all GEF projects at every stage of the project cycle.

* Third, the GEF implementing agencies must establish clear guidelines for GEF operations in each of the four GEF program areas. Preparation of these guidelines must include opportunities for input, review and comment by non-governmental organizations and members of the public.

* Fourth, the Bank, UNDP and UNEP should establish procedures for open discussion of all GEF operations at the country level with interested NGOs and members of the public. This input should include at least annual public meetings in all countries with proposed GEF operations.

* Fifth, a Small Projects Facility should be established under the GEF to provide grants to non-governmental organizations, research institutes, and community groups in GEF recipient countries. This facility should be funded at a level of at least $25 million and should be administered and overseen by a committee with representation from international NGOs such as IUCN and developing country NGOs.

* Finally, NGOs should be invited as participants to the semi-annual meetings of the GEF.

V. United Nations Environment Program (UNEP)

The current annual budget of UNEP--$45 million--is substantially less than that of a number of private environmental groups; for example Greenpeace U.S.A. has an annual budget of approximately $58 million. This is clearly inadequate for the lead environmental agency of the United Nations, charged with coordinating an increasing number of international environmental negotiations, agreements and programs to which the U.S. is a party. We urge the Committee to appropriate $25 million for UNEP in FY 1992, which is above the Administration request of $13 million. The Administration's requests for UNEP have declined in real terms almost every year since 1977, when the U.S. appropriated $10 million (about $20 million in 1991 purchasing

power). A $25 million appropriation would not be a large increase in real terms compared with a decade and a half ago, and would not even fully cover the additional responsibilities UNEP has undertaken in this period.

We believe, however, that the U.S. UNEP contribution should be accompanied by instructions from the Appropriations Committee to the Administration to seek out and promote measures to reorganize UNEP's management and structure so it can act more effectively within the U.N. system to perform its mandate. A number of such measures already have been identified in a recent Department of State review on "Improving UN Institutional Involvement in Environmental Affairs: Enhancing Central Coordination and the Role of UNEP"

There is also a need for increased efforts by UNEP to promote full participation and involvement of non-governmental organizations in its activities, particularly with respect to its involvement in the Global Environmental Facility. UNEP could play a more effective and active role in the GEF in promoting new technical approaches and public participation and access to information. To further these goals, we would urge Congress to earmark 500,000 of its UNEP appropriations to support a small UNEP staff in Washington for the GEF Scientific and Technical Advisory Panel.

VI. 1992 United Nations Conference on Environment and Development

The United Nations Conference on Environment and Development (UNCED) will be held in Brazil in June, 1992 on the twentieth anniversary of the 1972 Stockholm Conference on the Human Environment, an event that marked the globalization of environmental issues and awareness. UNCED could be a unique opportunity for nations of the world to take action on a wide range of pressing, interrelated environment and development issues, such as poverty and the destruction of the world's tropical forests, the role of women in sustainable development, the status of indigenous and tribal peoples in relation to development and conservation, the environmental protection of the world's oceans, and the need for public participation and access to information in political decision making concerning development and the environment. Our groups also will be promoting efforts at UNCED to consider the institutional reorganization of several U.N. agencies over which this subcommittee has jurisdiction, including UNEP, UNDP and the World Bank.

It is therefore very important that the U.S. government give careful attention to its preparations and leadership role in UNCED, with guidance from the Subcommittee on Foreign Operations. Thus we endorse and join in the statement submitted to this Subcommittee today by the Consortium for Action to Protect the Earth (CAPE), which represents six major national environmental organizations (including EDF, NWF, the Sierra Club and the Audubon Society) on UNCED issues. The CAPE statement recommends on behalf of our organizations that the Subcommittee make specific appropriations in FY 1992 for the UNCED Trust Fund and Voluntary Fund.

VII. Appropriations for Appropriate Technology International, the Inter-American Foundation, and the African Development Foundation

There is another model of development assistance that the U.S.supports through its appropriations for foreign assistance that the four national environmental organizations I represent today endorse wholeheartedly. It is an approach that provides technical assistance and transfers small grants and loans (typically less than $500,000) to local communities, small businesses, farmers and entrepreneurs, non-governmental groups and cooperatives in the developing world. It is an approach that has demonstrated its capacity for promoting economic development that is much more likely to be environmentally sustainable and culturally appropriate. The combined annual budgets of Appropriate Technology International (ATI), the Inter-American Foundation (IAF), and the African Development Foundation (ADF), are not much more than $60 million--

considerably less than one medium size World Bank loan, for example the controversial Cote d'Ivoire forestry sector project discussed above.

Appropriate Technology International was created in 1976 in response to an initiative of the Congress to provide small-scale enterprises and farmers in developing countries with environmentally benign technologies, access to capital and marketing assistance. For example, in recent years ATI has supported projects promoting organic biofertilizers in Thailand, alternative placer mining technology in the Peruvian highlands to reduce mercury contamination in gold extraction, and projects to improve technologies and marketing of sustainably harvested extractive products such as Shea nut butter and sunflower seed oil (Africa). ATI has addressed the fuelwood crisis in Africa by promoting fuel efficient charcoal stoves in Kenya and Senegal. These are the kinds of projects that we believe deserve more support and replication on a larger scale.

We urge the Subcommittee to appropriate the same levels for FY 1992 it did last year for ATI: a total of $5 million, of which $3 million is the ATI annual operating budget under a current cooperative agreement between ATI and USAID, and $2 million is an additional appropriation to leverage the participation of other international donors in addition to AID.

The Inter-American and African Development Foundations were established by acts of Congress in 1969 and 1980, respectively. A typical project involves a small grant to women's or farmers' cooperative to promote small business enterprises, or to a local community organization for afforestation. As their names indicate, IAF and ADF support projects respectively in Latin America and the Caribbean, and in Africa.

We urge the Subcommittee to appropriate the full amounts the Administration is requesting for FY 1992 for both agencies: $28.794 million for the Inter-American Foundation, and $14.95 million for the African Development Foundation.

VIII. Conclusion

There is no debate over the need for environmental reform in the IMF: there is appropriations legislation that is now two years old calling for such reforms, and the Managing Director of the Fund himself has more eloquently than any of us damned the past 20 years of what he calls "pseudo-growth" in the developing world that has ravaged the global environment and benefitted too often only a privileged few. But once again, we are confronted with a public international financial institution that dispenses edifying rhetoric cheaply, but seems mired in inertia and lack of accountability when it comes to modest changes in its operations to match this rhetoric.

We've waited two years and nothing has happened. The four national environmental groups I represent today urge you, Mr. Chairman, not to approve the IMF Quota increase until we can see a real commitment and credible actions of the Fund to carry out the extremely modest environmental reforms set forth in Section 594 of Public Law 101-167.

Despite attempts at reform, the environmental record of the World Bank remains distressing for us, and tragic in many cases for hapless Third World rural poor people who happen to be in the way of big Bank-financed projects. A great deal of the problem may lie with the unwieldy, highly centralized nature of the multilateral banks and the fact that their modus operandi is to lend huge sums to government agencies and bureaucracies in the Third World. Moreover, in the World Bank and other MDBs, pressure to lend has actually increased in recent years, and tends to preempt all considerations of project quality, be they environmental, social or economic. The World Bank's top overall institutional priority appears to be keeping money moving through the pipeline, and as a corollary, not pressing the Bank's larger borrowers too far on project quality. Until these priorities are changed, we will continue to see unconscionable environmental and social problems in World Bank financed programs.

We have waited four years for the Bank to deliver on its promises of environmental reform. The time has come for more forceful action, namely withholding a significant portion of the Bank's 1992 appropriations until it produces significant commitments and action plans, along the lines described above, to improve its operations in the key areas of forcible resettlement of populations affected by its projects, forest conservation, investments in energy end use efficiency, and reform of its environmental assessment procedures. Moreover, the funds the Subcommittee may appropriate for financing of the Global Environment Facility will have the greatest chances of being effective if the Bank is pushed hard to improve its environmental performance in key lending sectors such as forestry and energy that are of direct relevance for goals of the GEF such as preserving biodiversity and reducing greenhouse emissions.

Increased appropriations for UNEP and for the 1992 UNCED Conference cost relatively little and may have a big environmental pay-off. Last, but certainly not least, organizations such as the Inter-American and African Development Foundation, and Appropriate Technology International are approaching development and environment challenges in a manner that seems much more in tune with what we have learned over the past two decades, that smaller scale, more flexible programs that directly transfer resources and technology to local communities have a better chance of being in tune with local ecological and cultural conditions than gigantic mega-projects.

STATEMENT OF LISANNE NELSON, NATIONAL AUDUBON SOCIETY

Senator LAUTENBERG. Now we invite Lisanne Nelson to testify.

Ms. NELSON. Good afternoon.

I am Lisanne Nelson. I am testifying in place of Patricia Baldi of the National Audubon Society's Population Program.

On behalf of the over 600,000 members of Audubon worldwide, we thank you for this opportunity to testify.

Before I begin, I would like to associate myself and Audubon with the previous testimony from the Environmental Defense Fund. Audubon fully supports EDS testimony.

You have before you my written testimony. For the purposes of this hearing, I would like to focus on one environmental issue, and that is population.

Population is an issue on which Chairman Leahy and the committee have shown extensive and, if I may say, enlightened leadership. Audubon is very, very grateful for that.

As you are well aware, rapid population growth contributes to nearly every environmental crisis facing the world today, whether it be natural resource depletion, land degradation, or global warming.

During this decade alone, 90 to 100 million people will be added to the planet every year, with 94 percent of that growth occurring in still developing countries.

On a positive note, current worldwide demand for contraception is sufficient to bring about significant decreases in population growth rates, were it to be met. But the unfortunate fact is that right now, we are not meeting it.

According to the most recent demographic health surveys, on average, 50 percent of the women in developing countries who have said that they would like to limit or cease child-bearing are not practicing contraception, primarily because they lack access to voluntary family planning services.

To remedy that worldwide, donor countries need to increase their spending on international family planning. Audubon recommends that the committee appropriate $570 million for international family planning services in fiscal year 1992.

To insure that that money is spent most effectively, we also advocate that the committee act to refund the United Nations Population Fund and to overturn the Mexico City policy.

Before I conclude, I would like to mention one other area of significant concern. Coastal marine resources and wetlands have been largely ignored by bilateral and multilateral assistance agencies.

As a majority of the population growth occurs in coastal areas, more and more pressure is being placed on these sensitive regions. They are critical regions, not only for environmental health, the health of ecosystems, but also for the health and sustenance of people.

In Africa, for example, people depend on wetland-dependent fish for 40 percent of their animal protein intake. Audubon urges the committee to look very closely at coastal marine resources and wetlands protection.

PREPARED STATEMENT

We would note that AID has been delinquent in reporting to the Congress on its activities in this area. More detailed proposals regarding those issues can be found in my written testimony.

I thank the committee.

Senator LAUTENBERG. Thank you very much, Ms. Nelson.

[The statement follows:]

STATEMENT OF PATRICIA WAAK BALDI, DIRECTOR OF POPULATION PROGRAMS, NATIONAL AUDUBON SOCIETY

I am Patricia Waak Baldi, Director of Population Programs for the National Audubon Society (Audubon). Audubon is a non-profit environmental organization with over 600,000 members and 512 chapters throughout the United States and abroad. On behalf of Frances Spivy-Weber, Director of Audubon's International Program, and Steven J. Parcells, Director of Audubon's International Wetlands Project, we appreciate the opportunity to provide testimony on funding levels for foreign assistance and other environmental issues important to your Committee.

Audubon actively seeks to influence the environmental performance of multilateral development banks, U.S. foreign assistance for population and family planning, the U.S. contribution to UNEP, Ramsar and the IO&P account, and U.S. foreign assistance in the preservation of biological diversity, tropical forests, coastal marine ecosystems and wetlands. Audubon is a co-leader among environmental groups in addressing all of these issues and the leader in addressing the problems of population and family planning, and wetlands conservation, coastal marine protection and sustainable development. Audubon also has helped draft bills to give the U.S. Agency for International Development (USAID) strong mandates with respect to forest and biological diversity in 1986, and advocates continued support for these programs.

The Environmental Defense Fund (EDF), will be testifying today before this Committee on the necessity of linking U.S. contributions to the World Bank and the International Monetary Fund with vigorous measures to promote in them further environmental reform. Audubon fully supports EDF's testimony and adds that similar linkages also must apply to all of the multi-lateral development banks (MDBs) including the Inter-American Development Bank, the African Development Bank, and the Asia Development Bank. For the purposes of this hearing, I intend, however, to confine myself in the time provided to the following three environmental concerns -- first, Population; second, Sustainable Development and Conservation of Coastal Marine Ecosystems and Wetlands; and third, Budget Items within the International Organization and Program Account Related to Biodiversity.

Before I address those issues, I would first like to commend the Chairman, and members of this Subcommittee, for the leadership role this Subcommittee has taken over the years in promoting environmental and social concerns in U.S. bilateral and multilateral foreign assistance. We urge the Committee to continue to play a critical role, and offer Audubon's commitment of time and resources in working with the Subcommittee to do so. Congress and this Committee must continue to give close guidance and oversight to USAID and MDB activities.

Increasingly, the development assistance community recognizes that conserving the environment is not a luxury but a necessity for sustainable economic growth and increased prosperity. This is especially evident for developing countries whose economic fate often hinges on the conditions of its natural resources. Audubon focuses its foreign appropriations requests on programs that promote sustainable development. We hope that U.S. foreign assistance will show a rapid and radical shift in emphasis to sustainable development programs which enable the people of recipient countries, in the long term, to utilize their natural resources in an economically and environmentally sound manner.

POPULATION

Rapid population growth is a primary factor in virtually every environmental crisis faced by the world today. As urbanization, industrialization and agriculture intensify to meet the demands of an ever increasing human population, the earth's natural resource base is being destroyed. According to the United Nations, over two billion people currently face severe water scarcity, with water demand expected to double by the year 2000. Yet already we are depleting aquifers and groundwater tables faster than they can be replenished. Tropical forest s are disappearing at the rate of 40-50 million acres annually. Documented species extinction is occurring at the most alarming rate to date. Recent reports indicate that the ozone layer is deteriorating significantly faster than previously thought, and the United States, in particular, will suffer from the increased effects of global warming. All these crises are either caused or seriously exacerbated by skyrocketing population growth.

To stabilize world population, contraceptive use must reach 75 percent of fertile-age couples by the year 2000. We recognize and deeply appreciate the gains made in last year's appropriation for the '150' account. However, significant increases must continue.

There already exists demand for family planning sufficient to dramatically reduce birthrates. The most recent demographic surveys suggest that on average, fifty percent of the women in developing countries who say they want to halt or space childbearing are not using a contraceptive. A substantial increase in population assistance expenditures is necessary to provide for this unmet demand.

Audubon therefore recommends Congress earmark $570 million for population activities in Fiscal Year 1992.

This figure derives from the 1989 declaration of the United Nations Forum on Population in the 21st Century and is in line with increases called for in the *Blueprint for the Environment*. It represents the U.S. share of the estimated $10.5 billion necessary to provide 75 percent contraceptive coverage by the year 2000.

We recognize that $570 million seems large in terms of percentage of increase. The actual dollar amount is low, however, when compared to military and other foreign aid expenditures.

Worldwide, spending on voluntary family planning has failed to keep pace with increased demand and with the growth in the number of reproductive-age couples. Ninety to one hundred million people will be added to the planet during each year of the 1990's. The number of reproductive-age couples in developing countries will grow by 18 million each year. Population stabilization will require the provision of contraception for an additional 357.6 million couples by the year 2000.

Lack of adequate funding is not the only factor hindering access to voluntary family planning. The Bush Administration's refusal to fund some of the most effective providers of voluntary family planning worldwide -- providers such as International Planned Parenthood Federation (IPPF), Family Planning International Assistance (FPIA) and the United Nations Population Fund (UNFPA) -- continues to hamper the efforts of couples around the world to obtain contraceptives. After twenty years of expert assistance in population and family planning, the "Mexico City" policy cost the United States its leadership role in the population assistance field at a critical juncture when governments and nongovernmental organizations were most in need of those technical skills. For example, plans for new IPPF affiliates were canceled in twelve critical countries including Equatorial Guinea, Gabon, and Guinea-Bissau, countries with growth rates of 2.6, 2.1 and 2.2 respectively. In addition, none of these countries had U.S. bilateral assistance as of 1989.

National Audubon Society also recommends Congress restore a U.S. contribution to UNFPA and overturn the Mexico City policy. Two weeks ago, the House voted to do just this. We would urge the Senate to adopt similar measures.

Our best efforts to implement sustainable development and halt environmental degradation, furthermore, will be nullified if rapid population growth is not adequately addressed. Conversely, increased funding for population and family planning assistance will prove to be one of the most cost-effective uses of scarce foreign aid resources over time. Stabilizing population growth will assist countries in breaking the cycle of poverty by allowing them to catch up with expanding demand for jobs and economic infrastructure, and will enable time for improved management of natural resources. Population stabilization is critical if the earth is to regenerate its ecosystems and continue to provide for the vital needs of its present and future inhabitants.

COASTAL MARINE RESOURCES AND WETLANDS CONSERVATION AND SUSTAINABLE DEVELOPMENT

Mr. Chairman, the conservation of tropical moist forests are receiving a great deal of attention from the foreign assistance community, as well they should, because of their importance to the livelihoods of indigenous peoples and and the need for sustainable development, because of their importance to biological diversity, and because their loss significantly contributes to the potential catastrophic affects of global warming. It is high time, however, to recognize also the outstanding functions and values of coastal marine

ecosystems and wetlands for food production, biological diversity, water quality and supply, and for protection against potentially catastrophic flooding and storms.

Yet coastal marine resources and wetlands have been largely ignored by bilateral and multilateral assistance agencies. We urge this Subcommittee to help remedy this gross oversight.

Coastal Marine Ecosystems

The Importance of Coastal Marine Ecosystems.

The wise planning and sustainable economic development of coastal zones are important because such zones:

- Are home to over fifty percent of humankind, and planners have good reason to believe that these coasts will absorb most of the estimated doubling of the earth's population, primarily in developing countries, that is projected to occur by 2025.
- Contain a high proportion of the best alluvial soils for agriculture.
- Include the most productive fishing grounds, and commercially valuable nursery grounds.
- Support water-dependent and water-enhanced industry and manufacturing.
- Are the major focus of tourism -- a major revenue source for developing countries, but also one of the planet's most overbuilt industries.
- Support the world's most naturally productive ecosystems: estuaries and lagoons, brackish and salt water wetlands (salt marshes, sea grass meadows, mangroves), and coral reefs.
- Contain a significant portion of the world's biological diversity.

However, coastal marine systems are coming under increasingly intensive economic development and population pressures, and are becoming the major recipient of human society's by-products. Wastes enter from sewage outfalls, cursory or accidental dumping, land run-off, river discharge, and atmospheric deposition. Four hundred million metric tons of industrial wastes, sewage sludge, and dredge material are dumped directly into the oceans from developed countries annually. The recorded amount of toxic substances dumped represents only a small percentage of total toxic substances entering marine ecosystems from pipeline discharges, runoff, and atmospheric deposition.

Yet, one of the most serious threats to the world's coastal marine systems may be the result of a separate phenomenon -- global warming. Rapid increases in consumption of fossil fuels caused by proliferation of the human population and rapid industrialization, combined with extensive destruction of tropical rainforests, is creating massive emissions of carbon dioxide into the atmosphere. Carbon dioxide and other pollutants -- notably chlorofluorocarbons, nitrous oxide, and methane -- trap heat in the earth's atmosphere and warm it. The rapid heating of the Earth's atmosphere could raise the global average temperature as much as 3-10 degrees Fahrenheit in the first half of the next century.

Warming of the Earth's atmosphere may cause radical climatic changes and a significant rise in the ocean levels -- 3 feet or more by the middle of next century. Up to 80% of U.S. coastal wetlands could be submerged, as could 15% of Egypt's arable land and 25% of the densely populated nation of Bangladesh. Some island nations, such as the Maldives, could disappear completely. Rapid climatic change also is likely to bring more frequent, more intense hurricanes and tropical storms to coastal regions and to produce huge effects on certain coastal ecosystems such as beaches and salt marshes. For these reasons and others described below, coastal marine ecosystems are vulnerable to human perturbations.

The multilateral development banks -- the World Bank, the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank -- as well as USAID, have a major influence on development assistance in the Third World. Together these institutions provide loans of over $26 billion to developing countries annually. Projects which the banks support -- such as mining, port construction, road construction, urbanization, energy production, fisheries, agriculture, and forestry -- often have significant impacts on coastal marine ecosystems of not only the borrowing country but neighboring countries as well.

The United States government must not only demonstrate leadership and good judgment in the management of valuable coastal marine resources within its own boundaries, but must evince leadership in its participation within the MDBs and through USAID. Through its representatives to the MDBs, the U.S. must make evident that the it will assist borrowing countries in protecting the values and functions of their coastal marine resources and oppose projects that adversely affect coastal marine ecosystems.

This Subcommittee should use its influence to guide the Department of the Treasury to develop standards and voting instructions for the U.S. representatives to MDBs for reviewing projects and loans that may affect coastal marine ecosystems. Similar guidelines have been adopted by the Department of the Treasury for the protection of tropical forests and wetlands.

MDBs

Changes in policies of the MDBs could do much to improve prospects for conserving marine ecosystems and the sustainable benefits they bring to people. Therefore, the Subcommittee should urge the MDBs to do the following:

(1) refuse to finance projects which adversely affect marine ecosystems;

(2) redesign proposed and existing projects to ensure that the functions and values of affected marine ecosystems are maintained;

(3) promote, through economic incentives, the protection of marine ecosystems that are important to the short- and long-term sustainability of a country or region, especially in the maintenance of biological diversity and valuable ecological processes;

(4) facilitate the transfer of environmentally protective technology and management practices to developing countries;

(5) support research on sensitive ecosystems; and,

(6) promote the protection of local customs that favor environmental protection.

USAID

Currently, USAID funds the Coastal Resources Management Project (CRMP) which assists USAID to formulate and apply effective resource management policies, strategies, and techniques to coastal environments in developing countries. This program now receives $1.1 million for activities in Ecuador, Sri Lanka, and Thailand, but could be easily expanded geographically to other coastal countries with additional funding. Audubon recommends that funding for this program be doubled to $2.2 million for FY 1992.

Wetlands

Wetlands are enormously important in all parts of the world. But in developing countries -- the homes of three-fourths of all the world's people and an even greater share of the world's animal and plant species -- wetlands are particularly crucial. These nations depend on wetlands for the achievement of sustainable rural development and for the survival of huge numbers of wildlife species. Nevertheless, the world's tropical wetlands are being destroyed by a variety of activities, many of which are funded at least in part by the development assistance agencies.

The Importance of Tropical Wetlands

In developing nations, whole communities depend on wetland resources for survival; cultures and life styles revolve around flooding cycles and the harvesting of wetland products. In Africa, 40 percent of all animal protein consumed by people comes from wetland dependent fish. In the Lower Mekong Basin of Southeast Asia, fish derived from wetlands account for almost 50 percent of all fish caught; these fish supply 50-70 percent of the protein needs of the delta's 20 million people. Shrimp exports from developing countries to developed countries are currently worth $900 million a year; no shrimp species could survive without wetlands as nurseries and sources of food.

Wetlands are also crucial to the maintenance of biological diversity. In North America, 33-50 percent of all plant species are associated with 8 percent of the total land base -- wetlands. While the wealth of biological diversity in wetlands in the temperate climates is dramatic, the importance of wetlands in arid and semi-arid tropics could even be more significant. Increasing evidence indicates that outside of the prevention of deforestation of tropical rainforests, the maintenance of

surface water flows is the most important element in protecting biological diversity. The biological values of hydrological systems are most often concentrated in wetlands.

In Europe and North America, over 50 percent of the original wetlands have been destroyed directly by draining, diking, and damming, and indirectly by deforestation and industrial and agricultural pollution. The same process cannot be allowed to occur in developing nations, where the functions performed by wetlands are essential to human survival, as well as to the maintenance of biological diversity.

The Role of Development Assistance Agencies

Development aid agencies are not just technical bodies. They are also political entities which respond to the priorities of donor nations, as well as the nations they are assisting. Agriculture is the single most important lending sector for all three agencies, and the single greatest cause of wetlands loss. Energy production -- mainly through dam construction -- is the second most important lending sector for the World Bank and IDB. Large hydro dams financed by these agencies are destroying swamp and marsh areas, river delta wetland systems, and mangrove areas. In addition, the World Bank and IDB finance industrial and mining projects that have adverse impacts on wetlands.

This Committee should urge through the Department of Treasury that each of the MDBs adopt issue-specific guidelines on wetlands that should be integrated into their environmental assessment process and country planning procedures.

PL 101-513, Foreign Operations, Export Financing and Related Programs Act, 1991

Mr. Chairman, last year PL 101-513 established two important U.S. policy precedents for wetlands conservation. First (to be discussed at greater length below), a $250,000 contribution was earmarked for the first time to the Ramsar Convention on Wetlands of International Importance. In 1986, the United States became party to the Convention, and now the Director of the U.S. Fish and Wildlife Service chairs its influential Standing Committee.

Second, PL 101-513 (Senate Report) recognized the need for USAID to use their expertise and resources to protect wetlands in developing countries. The Committee requested that USAID "report to the Committee no later than April 15, 1991 on its activities and progress to conserve wetlands. This report should include a summary of AID's activities to date, as well as the level of resources AID expects to devote to such activities in fiscal year 1992."

The Committee also noted that at the July 1990 meeting of the Conference of the Parties to the Ramsar Convention, the United States introduced a resolution, that was adopted unanimously, urging that development assistance agencies such as USAID use their expertise and resources to protect wetlands in developing countries.

Audubon is concerned that despite these major U.S. policy initiatives and commitments, USAID has not taken adequate steps to develop and implement a strong and focused wetlands program.

The Committee should strongly encourage USAID to immediately take action to meet the goals of the 1990 Ramsar Resolution and other commitments the United States has made to conserve international wetlands. (For instance, in 1988, the Treasury Department adopted and issued guidelines to oppose MDB projects that adversely affected wetlands. In 1989, the U.S. established a national policy of "no-net-loss" of wetlands, and passed legislation promoting cooperation with Canada and Mexico to conserve wetlands -- the North American Wetlands Conservation Act.) The Committee should provide close guidance to USAID in formulating a wetlands program.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS ACCOUNT

Mr. Chairman, Audubon receives the full support and endorsement from the World Wildlife Fund-US, Natural Resources Defense Council, Environmental Defense Fund, Friends of the Earth, National Wildlife Federation, and Sierra Club for seeking the following levels of funding for items in the International Organization and Program Account for items that directly affect and promote biological diversity:

Ramsar Convention on International Wetlands	$ 500,000
CITES	$ 1,000,000
ITTO	$ 1,500,000
World Heritage	$ 500,000
IUCN	$ 850,000

As development programs in the United States and in many other countries increase their emphasis on local community participation, the IO&P programs identified above are cost-effective partners. These programs focus on local participation, training, and integration of science and natural resource management policies. They target specialized constituencies that can participate and monitor the programs' performance. They foster collaboration among private and public sectors, and bilateral and multilateral funders, and are producing important policy information that can be used by larger, broader-based programs. In short, they are a good value for U.S. foreign policy, both for environmental conservation and global security.

RAMSAR WETLANDS CONVENTION

Recommendation: $500,000

FY1991 Funding: $250,000

Program Description

In 1986, the United States ratified the Convention on Wetlands of International Importance, known as the Ramsar Convention. More than 60 nations are now contracting parties to the Conventional. Participating nations are required to designate specific sites within their jurisdictions for inclusion on a list of significant wetlands. More than 400 Ramsar sites totalling some 30 million hectares of wetlands have been listed so far. The major focus of the convention, however, is to promote the wise use of all wetlands.

Need for Additional U.S. Funding

Like tropical forests, wetlands are a high priority for conservation because of their function in providing man with fuel, food and livelihood, their ecological role in controlling floods, and their importance as habitat to a diverse range of species. International assistance provided to implement the Ramsar Convention has helped many nations conserve and manage important wetlands, and has allowed the United States to better promote conservation activities in nations with which we do not have bilateral treaties.

Last year, Congress with the strong support of the U.S. National Ramsar Committee which includes Audubon, Ducks Unlimited, WWF-US, IUCN-US, Sierra Club, the Conservation Treaty Fund, the National Wildlife Federation, and Sierra Club, provided for the first time $250,000 through the IO&P account to fund U.S. voluntary dues to Ramsar, as well as providing extra funds monitoring of listed sites and a technical assistance fund. It is fair to say that this budget is skeletal, providing only the bare minimum in staff and resources necessary to administer the Convention.

We are proposing an appropriation of $500,000 to allow the United States to make supplemental contributions to two activities under the Convention that we believe are critical to its long-term effectiveness -- monitoring of listed sites, and funding wetlands conservation in developing countries. In addition to the organizations named above, Ducks Unlimited also supports this level of funding.

Three years ago, a monitoring procedure was established under the Convention to address threats to listed wetlands. Funded principally by the U.S. Fish and Wildlife Service and by WWF, this procedure has proven an effective mechanism for identifying threats and providing impartial, expert technical assistance to facilitate resolutions in areas where it has been applied. With the severely limited budget just approved, however, the Ramsar Bureau will have to continue to rely on voluntary contributions to support the monitoring procedure at its current level. Audubon recommends that the U.S. contribution include $50,000 for Ramsar monitoring activities.

The Ramsar Bureau also needs funding to meet the great challenge of attracting broader participation among developing countries. The developing regions of the tropics -- Africa, Asia and Latin America -- contain many of the world's most valuable wetlands, yet only a handful of countries in these regions now belong to Ramsar. Ramsar has simply offered too few tangible benefits to attract developing country members. On July 4, 1990, the Parties took a major step towards redressing this problem by establishing a Wetlands Conservation Fund dedicated to providing financial assistance to contracting parties who are developing countries. These funds will support protection of listed sites and provide seed money to attract development assistance for broader wetlands conservation programs. We believe that this fund offers an exciting opportunity to bring developing nations into the Convention and to begin finally to build Ramsar into the truly global network for wetlands conservation that it could be. Audubon therefore recommends that $175,000 above voluntary dues be provided for the Ramsar Wetlands Conservation Fund.

CITES

Recommendation: $1,000,000

FY 1991 Funding: $ 750,000

Program Description

CITES represents the efforts of 109 nations to protect threatened and endangered species of plants and animals from uncontrolled exploitation for international trade. The CITES Secretariat maintains lists of more than 20,000 species for which international trade must be controlled, provides an information network for governments and non-governmental organizations to monitor Wildlife trade, coordinates a network of national Management Authorities and Scientific Authorities to control trade, and manages a Trust Fund to finance the Secretariat and meetings of the Conference of the Parties.

Need for Additional U.S. Funding

Because enforcement of CITES is left to individual nations, the treaty's effectiveness very much depends upon a strong Secretariat which can work with member governments. A significant contribution from the United States will provide resources for the Secretariat to continue its work with member nations to enforce CITES regulations and shut down markets for illegal wildlife, establish management authorities and wildlife departments in countries of origin for illicitly traded species, coordinate CITES implementation between member governments, and keep its information database and network up to date. These activities are crucial to the survival of many species which are under tremendous pressure from illegal wildlife tracking.

As with most United Nations organizations, the CITES Secretariat is chronically short of funds. Many Party countries either pay their assigned dues late or not at all. Because of this continuing shortfall, the Secretariat has been forced to accept contributions from private organizations representing various interests. For example, the Japan Ivory Traders Association contributed a considerable portion of the budget of the CITES Ivory Control Unit until the unit was rendered obsolete by the recent listing of the elephant on Appendix I. The acceptance of funds from such trade organizations raises the possibility of conflict of interest and has been viewed with increasing skepticism by the international conservation community.

The United States is among those nations that owe arrearages to the CITES Secretariat, thereby contributing to the Secretariat's need to seek outside funding. In Fiscal Year 1991, Congress appropriated $750,000, with the intention of erasing the United States debt and helping to put the Secretariat back on sound footing. Unfortunately, the weakness of the U.S. dollar compared with the Swiss franc (CITES is headquartered in Gland, and dues assessed in Swiss francs) left the United States short of paying its full arrearages by some $56,000. An appropriation of $1,000,000 this year would help the Secretariat prevent a recurrence of financial shortfalls, as well as demonstrating a strong U.S. commitment to international wildlife conservation.

This contribution will also help the Secretariat to develop its capacity to provide assistance to multinational investigations of wildlife smuggling. The United States is already involved in efforts to upgrade the capabilities of the Secretariat in the area of investigations.

The need to enhance the coordination role of the Secretariat is also clear. International law functions only to the extent that the Parties to an agreement like CITES are able to pursue and effectively prosecute those who violate the treaty. Many governments are not capable of conducting independent international investigations of wildlife trafficking. INTERPOL has been involved to a limited extent, but lacks the expertise in wildlife smuggling to be of much help. Additional funding will help the CITES Secretariat take on its logical role as a coordinating and facilitating body on behalf of the Parties. This is especially critical as the parties to CITES prepare to consider whether to extent the complete moratorium on international trade in ivory established in 1989. The parties will meet to consider the moratorium in March of 1992, and it is essential in the meantime that, whatever the outcome of that vote, the CITES Secretariat is properly funded and staffed to meet its responsibilities.

ITTO VOLUNTARY FUND

Recommendation: $1,500,000

FY 1991 Funding: $1,000,000

Program Description

The International Tropical Timber Organization (ITTO) is a commodity group formed in 1985 under United Nations auspices to implement the International Tropical Timber Agreement. ITTO's 45 member governments include those timber producing and consuming nations that account for 95% of the world's trade in tropical hardwoods. Through this multi-national forum, the United States has an opportunity to promote policy dialogue and coordination whereby sustainable management -- with a strong conservation component -- can be phased in as an alternative to today's totally unsustainable and ecologically devastating "mining" of tropical forests. Closely linked with this policy forum, ITTO has also established a voluntary fund, through which member nations finance projects to develop and implement sustainable forestry management plans.

Need for Additional U.S. Funding

U.S. effectiveness in this important organization has been hampered by lack of funding for administration accounts and projects. With growing contributions from the United Kingdom, Denmark and other European governments, and a planned $26 million contribution from Japan, the U.S. may become an even more marginal player in ITTO.

ITTO has defined sustainable management of tropical forests as a primary goal. The Organization has completed a major review of the state of tropical forest management in member countries. This report showed that the area of tropical forests under sustainable management for timber production is negligible. Without major reforms to ensure that only sustainable harvesting is carried out, the tropical timber trade will cease in the near future as tropical forests and their enormously valuable environmental and economic resources are irreversibly damaged.

Congress authorized United States membership in and funding for ITTO in the FY 1990-91 State Department Authorization Bill. The President's FY 1991 budget also requested $1 million for the ITTO voluntary project fund, which Congress provided. This request provided funds to the Committee on Reforestation and Forest Management to pursue the following specific ITTO objectives: developing the economic case for sustaining forest management including timber and non-timber products (multiple use management), identifying and promoting exemplary cases of sustainable forest management, funding field research and demonstration projects, training forest managers, and monitoring the implementation of sustainable management.

Audubon supports the Administration's request for further funding in FY 1992. The following specific activities are examples of the types of ITTO programs whose implementation these funds would support.

WORLD HERITAGE FUND

Recommendation: $ 500,000

FY1991 Funding $ 450,000

Program Description

The World Heritage Fund is the international mechanism established to implement the World Heritage Convention, a unique effort by 111 signatory nations to identify, give recognition to, and protect areas of unusual natural, historical or cultural value. The World Heritage Fund provides approximately $2.9 million in grants to member nations annually for technical assistance, training, and management of areas judged to be of outstanding importance to mankind.

Need for Additional U.S. Funding

There are currently well over 300 World Heritage sites worldwide, many in developing nations which lack the resources and expertise to adequately protect them. The World Heritage Fund provides critical assistance to member nations to manage and maintain their sites, including direct financial assistance, technical assistance, training, and support for international meetings and conferences to allow nations to exchange information and expertise. Audubon strongly urges Congress to continue funding these activities.

The fact that 111 nations have acceded to the Convention demonstrates the broad international support the World Heritage program enjoys. Audubon believes that the United States, as the organizing nation of the World Heritage concept, should also be a leader in guiding and funding its implementation. By providing $500,000 for the core financial and technical assistance the fund provides to nations for protection of World Heritage sites, the United States would clearly demonstrate such leadership.

* * * * *

Thank you for consideration of these issues. We look forward to working with you during Congress.

Senator LAUTENBERG. Again, all reports that are submitted to the committee will be included in the record. So don't feel that these summaries will deprive you of an opportunity to make your point. We start the clock from the beginning for each witness.

STATEMENT OF NANCY WALLACE, WASHINGTON DIRECTOR, INTERNATIONAL POPULATION PROGRAM, SIERRA CLUB

Senator LAUTENBERG. Ms. Wallace, you are next, please.

Ms. WALLACE. My name is Nancy Wallace, Director of the International Population Program for the Sierra Club. I thank you for the opportunity to testify today. We are very grateful. Last year was our first year with the population priority program and we submitted written testimony. We are very pleased to be here today in person on this issue.

We are associating ourselves with Steve's testimony of the Environmental Defense Fund on all international issues, apart from population. Our testimony on population is endorsed by the Humane Society of the United States, the Defenders of Wildlife, Earthkind, International Wildlife Coalition, and the funding request is also supported at this time, I am glad to announce, I think for the first time, publicly, by the World Wildlife Fund.

I am very happy to report that this past November, the Sierra Club Board of Directors voted population stabilization, a major national priority campaign for the club. This was based on our poll of 15,000 volunteer leaders. They voted it the No. 1 new priority environmental issue for the club.

This is a real grassroots, bottom-up kind of awareness in the club.

Second of all, I would like to thank the committee for its leadership on population. It is very gratifying that you have been in there in the hard decades, when the environmental movement had been quiet on it. We hope that we could provide a lot of the political support now to move forward and complete the agenda that has been so well begun.

In particular, I would like to note that, after last year's $60 million increase with AID, in fiscal year 1991 AID was able to initiate seven new bilateral programs, going into Madagascar, Cote D'Ivoire, Nicaragua, Romania, Cameroon, Swaziland, and Benin, all for the very first time. They also increased their assistance to Guatemala, Tanzania, and Mexico.

So there are real, concrete results coming from your actions during the past year.

In particular, we are requesting, as is, I believe, everyone in the environmental community that is speaking on the issue, $570 million for international population assistance. This is the appropriate fiscal year 1992 guideline under the United Nations Amsterdam Forum.

The goal of the forum is to provide birth control for everyone in the world by the year 2000. That is our campaign.

Our motto is two-thirds of a Stealth bomber or birth control for the whole world.

We feel that it is literally two-thirds of a Stealth bomber. It is within the realm of possibility and it needs to become a top issue with the U.S. Congress. We feel that it is definitely emerging as a top issue with the grassroots, as we see.

Now you have been patient all day, so I am going to give you a prize. The remainder of the testimony focuses on the specific links between population and global warming.

That is the best sunscreen that we can get on the market for you. Bullfrog 36 was developed for surfers. It highlights the fact that population is potentially the single largest factor in global warming.

Senator LAUTENBERG. Is this suntan lotion a contraceptive, as well? [Laughter.]

Ms. WALLACE. Not that we know. It's not a multiuse product. [Laughter.]

Senator LAUTENBERG. Well, topical application is pretty painless.

Ms. WALLACE. I would like briefly to highlight that Daniel Evans, former Republican Senator and Governor from Washington, said in a press briefing for the National Academy of Sciences Report on Global Warming that population is the single biggest driver of atmospheric pollution. Dr. James Hansen, of NASA, stated in the August 1990, issue of Nature magazine:

GREENHOUSE GAS EMISSIONS

It is obvious that even sizeable reduction of per capita greenhouse gas emissions will be negated if global population continues to increase at the present rate. Thus, governments must foster conditions leading to population stabilization if we are to preserve the global climate and environment.

PREPARED STATEMENT

The global specialists are talking about hundreds of billions of dollars as potentially needed to counteract just the coastal rise, the rise and the loss of land coastally. We are talking about $570 million this year, with proportional increases to the year 2000. We feel that it is reasonable and that the American people will support it. We hope that the committee will continue to exercise its great leadership. Let's solve this problem.

Thank you, sir.

Senator LAUTENBERG. My pleasure.

[The statement follows:]

STATEMENT OF NANCY WALLACE

Good afternoon and thank you for the opportunity to testify today. Population stabilization is an essential component of United States international environmental policy. The Sierra Club, a national nonprofit environmental organization with 633,000 members, enters its 100th year of dedicated policy reformation with 25 of years of population grassroots activism.

The Sierra Club believes that a rapid end to population growth around the world is an essential part of any effort to protect the environment, sustain the earth's ability to support life, and enhance the quality of life for human beings.

The current rapid rate of population growth is a major contributor to nearly all other environmental problems. These problems include global climate change, extinction of species, tropical deforestation, desertification, air and water pollution, water shortages, depletion of natural resources, loss of topsoil, and ocean overharvesting.

I am happy to report that this past November, the Sierra Club Board of Directors voted population stabilization a major national priority campaign for the Club. This vote was based on a poll of 15,000 volunteer leaders of the Club.

First, I would like to express our great appreciation for the significant increase in international population assistance initiated by the Subcommittee's bill last year of $60 million. This substantive step forward at a time of rising domestic budget constraints indicates the Subcommittee's desire to solve these crises in the most cost-efficient and effective means possible.

We were also delighted at the Administration's equivalent increase by funding $60 million. Their base request for FY91 was lower, at $197 million, but with an equal increase in the Development Fund for Africa to $800 million, the Administration's total international population assistance request did increase the same amount.

As a supporter of international population assistance, I appreciate the Subcommittee's awareness of the substantive concerns of this issue and will present some new aspects of the issue.

Amsterdam Forum:

I am here before you today to request that you provide this year's full amount of international population assistance funding, $570 million, in accordance with the guidelines of the U.N. Amsterdam Forum on Population in the 21st Century.

The major steps to be taken on the population growth crisis are clear. Implementation of the Amsterdam Forum, a practical blueprint for providing birth control for everyone on the planet by the year 2000 is an essential component of achieving "replacement level fertility". Recent studies indicate that if quality family planning information and services were readily available, about 75 percent of reproductive-age couples in most countries would use them compared to about 50 percent today. At a 75% level of contraceptive use, couples tend to have an average of just over two children, and the process of stabilizing global population begins.

Global replacement level fertility is expected to cost $10.5 billion annually by the year 2000 for all developing countries. Current expenditures total $3.2 billion. The year 2000 requirement of $10.5 billion can be met by increasing current allocations to $6.5 billion and gradually escalating annual appropriations to phase in family planning programs which will realize the goals of the Amsterdam Forum. This translates into a contribution of 4% of each country's foreign aid to population assistance. Only Norway now funds at this level. The United States currently provides about 2.2% or $330 million

of its foreign aid budget for international population assistance. The United States portion of the Amsterdam plan for FY 1992 is $570 million.

Even under the Amsterdam Forum, the phenomenon of "population momentum" from the past 20 years' high population growth will cause world population to at best simply double. Double our world population is 10 to 11 billion people! Current predictions indicate that the sheer magnitude of these human numbers, along with the increasing per capita use of natural resources, may overwhelm the Earth's ecological capacity to cope. These increases in human population have no historical precedent. Without this Amsterdam program for full funding and worldwide contraceptive access, if current trends continue then the final population could be tripled, reaching 15 billion. Your action and those of other donor nations in the 1990s will determine whether the world faces a human population that has doubled or tripled next century.

In comparison, consider that the world -- and the United States, including private industry, government and scientists -- is talking in terms of hundreds of billions of dollars spent in reducing, mitigating and adjusting to global warming. We are asking for only hundreds of millions of dollars to reduce one of the single largest factors in this problem. The requested amount is a small and irreducible investment to make in our children's and our own survival.

Priority in Global Climate Change:

Global warming is directly impacted by the number of people and the type of activities they pursue on a daily basis. During the past year, a great deal of discussion by scientists and policymakers has occurred about global warming. As part of that attention, the role which population growth plays in this environmental problem has become more defined and the necessity for stabilization to solve this problem more compelling.

Dr. James Hansen of NASA stated in the August 1990 issue of Nature magazine, "...it is obvious that even sizable reduction of per capita greenhouse-gas emissions will be negated if global population continues to increase at the present rate. Thus governments must foster conditions leading to population stabilization, if we are to preserve the global climate and environment."

In the National Academy of Sciences report on Policy Implications of Greenhouse Warming released in April of this year, the task of helping slow population growth was the sole step called for in U.S. international leadership. Providing the means to implement the U.S. portion of the Amsterdam Forum is the primary contribution needed from this Subcommittee to help address global climate change today.

The impacts of these policies will be felt by every country. Global climate change is truly global, and we cannot perceive ourselves as unaffected by the result. What are the prospects for the United States - our agriculture, our people, our industries given our higher latitudes and consequent concentrated effects of global warming?

Last year, the global temperature warmed a full degree centigrade. The current temperature increase is following a path twice as fast as the most rapid warming projection. The Montreal Protocol restricting CFC production, negotiated in 1987, included a provision to revisit its goal of 50% reduction by the year 2000 if data showed a greater problem than documented at that time. Negotiations were re-opened 18 months after the 1987 signing due to the severity of the warming. The London Agreement, signed in 1990, just 2-1/2 years after the original agreement, calls for a 100% CFC phaseout by 2000.

This approach to eliminate CFCs, the most destructive global warming gas, is certainly admirable. Yet, this early, complete treatment of CFCs was possible in large part because it is the only global warming gas that is purely technological and not related to population growth pressures. A large number of our most basic human survival needs, including forest clearing for agriculture, fuelwood and dung burning, rice cultivation, and even the admirable "Green Revolution" itself are either primary or major contributors

to the three other greenhouse gases, carbon dioxide, methane, and nitrous oxides. These activities are essential processes for supporting human life, particularly in the developing countries where people depend directly on the natural environment for virtually all of their needs. It is in these developing countries that 92% of the projected 5 to 10 billion more people will be born in the next few decades. The chair of the NAS panel producing the report cited above, Daniel J.Evans, former Republican Senator and Governor from Washington, said "Population is the single biggest driver of atmospheric pollution."

To illustrate the point, consider rice production. Half of the world's population, 2.5 billion people, now draws 70% of its calories from rice. These people reside in India, China, and southeast Asia. During the flooding part of the growing season each year, rice paddies produce methane from natural underwater decomposition of organic matter in the soils. This decomposition is one of the largest global sources of methane. This same area is projected to have 1 billion additional people to feed within the next 30 years!

Another example is carbon dioxide (CO_2). Under the Toronto Agreement, the industrialized world is committed to reducing CO_2 output, 20% by the year 2000. Extending that rate of progress forward to the year 2025 would produce a 65% reduction. However according to the United Nations, by 2025 population growth in the Third World, combined with some technological progress, will increase CO_2 production to 400% of today's total output of industrialized nations. The net global result: increased emissions of over 226%. Without immediate and complete support for population stabilization, there will simply can be no net reduction.

A more focussed way to understand the power of this simple numerical phenomenon is the following: if a family of five reduces its CO_2 by 15%, it still produces more than a family of four with no reduction. Or, if you cut CO_2 per person by 20%, but double your population, CO_2 goes up by 60%.

In 27 countries today, the population growth rate is at least 3.2% annually. This rate, which may sound fairly innocuous, if sustained over a century will result in a 24-fold increase in population. What will be the impact on the U.S. and global climate if 27 countries increase their CO_2 production by 2,400%?

The statistics on the multiplier effect of population growth on global warming gases from other types of agriculture are of the same order of magnitude. Nitrogen fertilizers, a fundamental factor in helping fuel the great "Green Revolution," were responsible in the early 1980's for increased food production in many developing countries. However, per capita caloric intake has fallen since the last part of the '80s due to higher population growth. Food production must now double again in the next three decades, with more intensive use of fertilizers instead of less, to simply maintain per person caloric intake while accommodating population growth.

However, nitrogen fertilizers are one of the largest global source of nitrous oxides, a major greenhouse gas. There are few policy options discussed at the present time for approaching this challenge. Assuring this problem does not triple through population pressure is a minimum first step in giving us the best chance of applying any nitrous oxides reduction policy approach when they may evolve.

Even apart from nitrogen fertilizers, organic agriculture affects global warming. Tilled earth absorbs only 40% as much nitrogen from the air because of disturbing the root systems of legume plants. Thus, in our attempt to provide more food, we simultaneously add more nitrogen and diminish the natural ability of the soil to take excess nitrogen out of the atmosphere.

While technological components of greenhouse gas production can be resolved through advances in engineering, especially CFCs and CO_2, the remaining greenhouse gas problems are best approached by population policy at this time. In the developing nations, where humans depend most directly on the environment, and where the population growth rates are the highest, conversion of undisturbed habitats to human use involves large-scale emission

of greenhouse gases. The countries with direct population growth-related greenhouse gas production are where the largest population growth is projected to occur. Furthermore, it usually requires a minimum of 15 years for a population program to take effect. We need to begin now if population policy is to have a part in solving our global warming problem.

Last spring, the United States chaired the Response Strategies Working Group of the Interparliamentary Panel on Climate Change. The Working Group's final report recommended that "global climate change strategies include strategies and measures to deal with the rate of growth of the world population."

We simply will not solve, nor can we even hope to halt the rising rate of greenhouse gas increases without population stabilization. The numbers are in, and the answer is clear. Population stabilization is a fundamental part of the strategic solution to global warming.

Implementation at A.I.D.:

Three technical aspects are crucial to the successful use of these funds. First, the core population account earmark must be maintained. We have again seen this past year the removal of funds from the population account to other needs. Today, the population account should be considered a "crisis" account.

Second, the legislation should include cost per Couple Year of Protection, CYP, as a comprehensive method of evaluating program efficiency. This standard, used by every other international family planning grant agency, assures that the management of each program can be measured objectively and that high standards of AID service providers will continue.

Third, we would like to call attention to a difficulty in accounting at A.I.D. that is resulting in reduced funds for overall population assistance. Traditionally, the 10% soft earmark for population in the Development Fund for Africa has been claimed to be satisfied by double-counting the separate core population account funds spent in Africa also as DFA funds spent on population. We request that the Subcommittee include report language assuring that the full 10% of DFA funds are spent on population, without drawing down the core account an equivalent amount. Additional funds from the core account are welcome to be spent in Africa, but the total population funding should reflect the net of both accounts.

World Bank:

The World Bank has also shown excellent progress during the past year. Lending for population rose last year from $125 million in 1989 to $169 million in 1990, a 35% increase. Then, this past year, for the fiscal year ending June 1991, lending for population doubled to $341 million.

This increase is to be commended, but the Bank has not been willing to provide the infrastructure and staff to support this rate of increase next year, which must be sustained to meet the total need. Last year, we recommended a very significant increase in lending and staffing for the Bank, and also a specialized population staff available for country offices. Only the first recommendation has been acted upon, and the remaining two have yet to be acknowledged. We reiterate all three. To continue to greatly increase the lending, without increasing staff in this sensitive area, where loan design,
processing and evaluation take considerable more time per dollar than in other sectors risks lowering the quality of this loan. People do in fact abandon modern contraception if the programs themselves are not carefully designed and monitored.

We appreciate your support on this issue in speaking directly with President Conable, and encourage you to take the same message to the incoming President as soon as appropriate.

U.S. Leadership:

In this time of massive U.S. and global environmental degradation, we need to re-kindle the strong leadership which initiated the population stabilization issue in the early 1970s. If we are truly interested in halting current trends in global warming, deforestation, desertification, ocean overharvesting and species extinction we must come to realize that these are consequences of human activities on earth and the limits of their impacts are directly proportional to the ultimate level at which population stabilizes.

Mr. Chairman, this funding cycle presents you with an historically unparalleled opportunity and responsibility. Under the budget agreement, your committee has the possibility of meeting this priority and positively influencing the quality and health of our environment and the public welfare.

With the support of this Congress, the United States has prided itself on its leadership in the international environmental arena for many years. Yet, we must say that the goals of the Toronto Conference on global warming gases, the Climate Change Convention, the Convention on the Conservation of Antarctic Marine Living Resources, the Bonn Convention on Conservation of Migratory Species of Wild Animals, the Ramsar Convention on the Conservation of Wetlands of International Importance and the Convention Concerning the Protection of the World Cultural and Natural Heritage -- all depend for their success on implementation of the Amsterdam Forum on Population in the 21st Century.

International family planning for all by the year 2000 is the United States' single best investment towards sustaining a healthy planet.

Mr. Chairman, you and many of the other members of this Subcommittee have been active on population for many years. I know from my own experience that it is easy to get numb to the issues of overwhelming numbers, vague causality, and incomprehensible misery. Yet at no time before have the specific impacts of population growth on environmental and human suffering more pointedly demonstrated the need to fully fund family planning programs and directly diminish the magnitude of these problems. Whatever your aspirations might be for funding any of the programs before this Subcommittee, the place to start is with the only possible beginning point for any success - stable, sustainable population.

STATEMENT OF BARBARA BRAMBLE, DIRECTOR, INTERNATIONAL PROGRAM, NATIONAL WILDLIFE FEDERATION, CONSORTIUM FOR ACTION TO PROTECT THE EARTH, ON BEHALF OF CONSORTIUM FOR ACTION TO PROTECT THE EARTH [CAPE]

Senator LAUTENBERG. Now we will hear from Barbara Bramble.

Ms. BRAMBLE. I am the Director of the International Program of National Wildlife Federation. But just to confuse you completely, I am testifying today on behalf of something called CAPE, which is the Consortium for Action to Protect the Earth, which has been formed by NRDC, EDF, Audubon, Sierra Club, Friends of the Earth, and us, specifically for the UNCED Conference.

We are working on a major problem, which is that our Government is not taking the UNCED Conference seriously. We feel that with a push from you and us, it might possibly do so.

I definitely want to associate ourselves, the National Wildlife Federation, with the statement of Steve Schwartzman and specifically with the others on the level for population. We have a separate statement and a written one for the record.

I will just make a couple of brief points because it has been a very long day.

As you know, the U.N. Conference on Environment and Development is a very unique opportunity in the rest of this century. It is

the conference that is supposed to be commemorating 20 years after the Stockholm United Nations Conference on the Environment, but it is with a very big difference because it is about development, too.

That means that it has to take place in the context of the negotiations between the North and the South on what kind of development, when, and for whom. This means that the developing countries have to, in some sense, be there and participate in this.

Now, we are quite concerned, and a number of our members have been to the negotiating sessions that have taken place so far. They are called preparatory committee meetings, or Prepcoms. There have been three of them already, and there are only going to be two more.

By and large, what happens is you have a North-South bargaining process and only the North is there. The southern countries cannot afford to send delegates in this sort of unrelenting 2-year-long process. They have to be attending three simultaneous working groups, plenaries, and lobbying in the halls, and they may have one person. They are completely unable to follow, that is one single person is unable to follow all the issues that are involved. They have a real sense of being behind in terms of expertise on the issues. So they are only slowly getting up to speed so that they can even answer the questions that are being posed to them by the northern delegates: Do you want this, do you want that, and they don't know what to say.

So the U.N., the conference itself, the U.N. Conference on Environment and Development, set up a voluntary fund to supplement the travel budgets of developing nations and help them send more experts to the negotiations. We are requesting that the United States make a voluntary contribution to that fund, like most of the other industrialized nations do.

Second, from our perspective as NGO's, I hope you agree that this conference really does have a chance to be a milestone for making international negotiations that might be a real push toward sustainable development, and there is not going to be a chance like it in this century, and maybe not for another 20 years.

A lot of governments are trying not to pay much attention to the conference, even if they can. Unfortunately, our own Government is one of those. Perhaps this conference, after all that work and all the money spent, will be a very large photo opportunity for a number of heads of state.

Now, what is going to make or break this conference is going to be citizen pressure. That is all that can possibly do it—citizen pressure, with your help, and the parliaments around the world that may be willing to say something when their administrations will not.

For that reason, we are hoping to work with the developing country environmental groups, development groups, social action movements. They are in the same boat as the developing country representatives in the official meeting. They cannot afford to get there.

So we have, with something called the International Facilitating Committee, of which I am a member, set up a voluntary fund for NGO travel, to get to these Prepcoms, to prepare for them, and to be able to make their voice heard in this worldwide conference.

PREPARED STATEMENT

So our testimony details four specific donations to the voluntary funds to cover the travel and the participation of southern participants in the UNCED negotiations. Without that, we really end up with a one-sided negotiating process that does not make anybody else take notice.

Senator LAUTENBERG. We would be talking to ourselves.

Ms. BRAMBLE. Yes; thank you.

Senator LAUTENBERG. Thank you very much.

[The statement follows:]

STATEMENT OF BARBARA BRAMBLE

This statement is submitted by six non-profit organizations working together on the issues of environment and development, particularly those issues to be considered by the United Nations Conference on Environment and Development (UNCED) in Brazil in 1992. The organizations are: the Environmental Defense Fund, Friends of the Earth-U.S., National Audubon Society, National Wildlife Federation, Natural Resources Defense Council, and the Sierra Club; they form the Consortium for Action to Protect the Earth, or CAPE '92, and hope to see the United States participate in forward-looking international agreements at UNCED.

On behalf of the 7,500,000 members of these six organizations, we thank you for the opportunity to stress the need for careful and intensive preparations for this important conference. CAPE '92 has focussed this appropriations request on a one-time total contribution of $1.0 million to a set of four international trust funds which facilitate preparation for and participation in the 1992 Brazil conference.

I. The United Nations Conference on Environment and Development (UNCED):

The 1992 UNCED conference will be the most ambitious and biggest U.N. conference ever held, according to Ambassador Bob Ryan who coordinates U.S. preparations for UNCED under Assistant Secretary of State E.U. Curtis "Buff" Bohlen. Also called the "Earth Summit" because heads of state are expected to attend, the 1992 UNCED will attempt to bring both industrialized and developing nations to reorient and improve economic development to protect the planet and ensure a sustainable future for their people.

Worldwide activity generated by preparations for the Conference include citizen action (coalition building, creation of international networks); national policy review by each country focussed on the preparation of national reports to be submitted to the Conference; regional preparations (conferences of the UN commissions reporting to UNCED); policy reviews and preparations within international institutions of the United Nations system; and international negotiations on agreements to be ready for the conference in 1992.

UNCED is expected to achieve progress on a climate change convention; agreements on the protection of forests, biodiversity, and oceans; and reform of international institutions concerned with environment and development. The Conference is also expected to develop an Earth Charter embodying basic principles to guide peoples and nations to ensure our common future; and an Agenda 21, a blueprint for further action into the 21st century, spelling out how the United Nations, governments and citizen organizations can achieve their environment and development goals. This agenda will

call for new or redefined institutions, and funding and technology transfer mechanisms, as well as timetables for action.

Twenty years ago, the U.S. government gave a clear signal of commitment to the first U.N. environmental conference held in Stockholm in 1972, which had a narrower agenda than the 1992 UNCED. The government set up an inter-agency task force that worked closely with the Conference Secretariat over two years of high-level preparations for the Conference.

In contrast, the current Administration has requested no funds for domestic or international preparations for UNCED. It has limited the range of experts attending the preparatory meetings from its own agencies, although this conference addresses the difficult question of economic development as well as environment. This lack of preparation is hard to understand when the U.S. government is advocating an enhanced role for the United Nations.

II. The need for U.S. investment in UNCED.

It is in the interest of the United States to actively prepare for the Conference. The magnitude of the issues on the UNCED agenda requires the participation on the delegations of a broad range of experts and the involvement of officials at the highest levels of government.

To demonstrate U.S. commitment to a successful conference, CAPE '92 recommends a special one-time total contribution of $1.0 million to a set of four international trust funds which facilitate preparation for and participation in UNCED. We request that this amount be in addition to other U.S. contributions provided annually to international environmental and developmental organizations.

The U.S. Administration has repeatedly expressed concern about the uneven level of expertise of the delegations attending international conferences on environmental issues. Several Funds have been set up to address this concern and to ensure participation by expert representatives from developing countries in the working groups meetings preparing for UNCED. It is only fair that the U.S. fund its share of international efforts to involve poorer nations in solving problems to which the U.S. has contributed enormously. Many global environmental problems are caused or exacerbated by highly industrialized countries like the U.S. which use a disproportionate share of resources and create a disproportionate share of pollution.

CAPE '92 recommends that contributions to these Funds be made in the following amounts:

--$300,000 to the UNCED Voluntary Fund, which has been set up to help developing countries meet the cost of sending experts to meetings of the UNCED Preparatory Committee. Thus far, Norway has contributed $300,000; Finland $203,000; Swedent $200,000; Canada $180,000; the Netherlands $100,000; Singapore $50,000; the United Kingdom $50,000; and Myanmar $500. These sums still fall short of the goal of ensuring travel and subsistence allowances for one delegate from each developing country to attend the Preparatory Committee meetings. The purpose of this assistance is to allow experts, instead of or in addition to, local or United Nations envoys, to attend such meetings.

--$200,000 to the International Facilitating Committee (IFC) Fund, which has been set up to help fund travel and participation in the UNCED process by non-governmental representatives from developing nations and possibly East European nations. No funds would go to NGOs from developed nations. Participation by NGOs from developing countries is important because it enhances democratic decision-making within the UNCED Preparatory Committee. Moreover, it strenghthens the democratic process worldwide to include in a dialogue with governments many NGOs who otherwise would not be able to attend these meetings.

--$200,000 to the Intergovernmental Negotiating Committee (INC) on Climate Change Trust Fund, which has been set up to fund travel of experts from developing countries to attend meetings of the INC. The INC is the forum for negotiations on a climate convention that is expected to be ready for acceptance at UNCED in 1992.

--$300,000 to the UNCED Trust Fund, which has been set up to help the UNCED Secretariat hire expert staff, provide specialized studies and technical assistance to developing nations, and establish a global information network. Thus far, Sweden has contributed $3,000,000; the Netherlands $1,370,000; Canada $1,124,000; Norway $955,000; Finland $578,000; the United Kingdom $162,500; and Switzerland $80,000.

This is a one-time request for a one-time event. There are no plans for another such gathering of nations. We urge that the U.S. provide support and leadership to achieve forward-looking actions from this Conference.

ENVIRONMENTAL ISSUES

Senator LAUTENBERG. It is odd that I come in at these closing moments. I am a member of this subcommittee. I am not chairman of it, though; I am chairman of the Transportation Subcommittee of Appropriations. But I am also on the Environment Committee and am chairman there of Super Fund, Oceans, and Water Quality.

The issues that each of you talk about are issues that are very close to my own interests, such as the ability to deal with the mul-

tilateral banks and to force our people, our representatives to these organizations to take a look at the environmental condition that we help create or manage by our contributions, by demanding, in many cases, environmental impact statements on projects that we fund in terms of population control. I am with you. There is not anything that we can do, no matter how wise, no matter how efficient, that is going to be able to make up for this incredible explosion in the number of people inhabiting this Earth, except with the disastrous consequence of not permitting them to live.

So it is very interesting. I had to smile when you gave me the suntan lotion because just the other day someone brought to my attention something. This is an anecdote that we will strike from the record.

[Discussion off the record.]

You know, it is said now that people who walk around with deep suntans are akin to those who smoke in terms of what they are doing to their personal health. As the Society of Dermatologists, I think it is, says, Ban the tan, hail the pale. Also, I am the author of the no-smoking legislation in airplanes.

Ms. BRAMBLE. Thank you, thank you, thank you, Senator. Thank you so much for that.

Ms. WALLACE. Are you aware that the skin cancer rates have been going up recently in the southern hemisphere due to the ozone depletion, apparently.

Senator LAUTENBERG. Of course. Well, the United States makes up for some of its deficiencies by walking away from these conferences or not attending. So we cover our bases there, in that way. We just walked away from the ban on antimining and have an energy policy that will include the taking of ANWR and making it a good, habitable community for oil rigs. I have been up there. It is beautiful and it ought to be left beautiful for the generations that follow us to think about, dream about, write about, and look at, not to inhabit.

Anyway, it is kind of a conclusion to a good part of my day to sit with a group of people with whom I have so much agreement.

Ms. WALLACE. It has been an honor to testify in front of you sir. We have appreciated your leadership for a long time.

Senator LAUTENBERG. Thank you so much.

Senator Leahy, who is chairman of this subcommittee, does a lot of great things. He is a good leader on the issues that count.

We thank you very much for your testimony. All of you are experienced around here. You all know that the fact that you did not have a lot of time to testify does not in any way mitigate against the quality of your testimony. Your full testimony will be in the record for people to see and we will consider your requests.

CONCLUSION OF HEARINGS

Thank you again. With that, the subcommittee will stand in recess subject to the call of the Chair.

[Whereupon, at 5:45 p.m., Tuesday, June 25, the hearings were concluded, and the subcommittee was recessed. to reconvene subject to the call of the Chair.]

Material Submitted Subsequent to Conclusion of Hearing

[CLERK'S NOTE.—The following statements and letters were received subsequent to the conclusion of the hearing. The information will be inserted in the record at this point.]

LETTER FROM M. FRAM AKIKI, PRESIDENT, VERMONT LEBANESE-AMERICAN COMMUNITY

P.O. Box 962
Williston, VT 05495
March 3, 1991

Senator Patrick Leahy
U.S. Senate
Washington, DC 20510
Dear Senator Leahy:

Our group was formed in April 1989 in response to the aggressions that were happening in our homeland, Lebanon. We are one of the 5 founding members of the Council of Lebanese-American Organizations (CLAO), an umbrella group that now links thousands of Lebanese Americans all around the U.S. The aggressions in Lebanon are continuing, and with the future of the Middle East now being debated, we want to insure that the crisis in Lebanon is not forgotten. Our short term objectives are clear:

1) To exert pressure on Syria to stop its torture and executions of all military and civilian Lebanese hostages, and to release them immediately.

2) To deploy the Lebanese Army over all the Lebanese territory and disband all militias.

3) To pressure the United Nations to implement its resolutions calling for the withdrawal of all foreign armies from Lebanon.

4) To allow international reporters to enter all areas of Lebanon, and to send a U.N. team of observers to oversee human rights violations committed against innocent civilians.

5) To guarantee the safe passage to France for Prime Minister General Michel Aoun and his cabinet members.

Only when these objectives have been met can democracy begin to return to Lebanon, which has not had a parliamentary election since 1972.

Enclosed please find some recent articles on Lebanon. I would like you to pay particular attention to the LEBANON FILE, the newsletter of CLAO. I think you will find a lot of the information very interesting and informative.

I will continue to keep you informed of the situation in Lebanon. I thank you for your time and attention on the crisis in Lebanon, and if you have any questions, please feel free to contact me.

Sincerely,

Fram Akiki

M. Fram Akiki
President, Vermont Lebanese-American Community

LETTER FROM M. FRAM AKIKI

P.O. Box 962
Williston, VT 05495-0963
May 24, 1991

Senator Patrick Leahy
U.S. Senate
Washington, DC 20510

Dear Senator Leahy:

I want to make you aware of a recent and very dangerous development in Lebanon. Attached you will find details of the Syrian-Lebanese Cooperation Agreement signed May 22, 1991 in Damasacus, Syria. This so called "Agreement" is nothing short of a formal hegemony of Lebanon by Syria, which has hand picked the current Hrawi regime and has over 85,000 troops occupying Lebanon.

The United States needs to take immediate action in response to this so called Cooperation Agreement.

1) All economic and humanitarian aid should IMMEDIATELY be suspended to the Hrawi regime. From our sources in Lebanon, there have been terrible abuses of this aid, and it will only get worse with this Agreement. Instead, all aid should be channeled through the International Red Cross and/or the United Nations.

2) An IMMEDIATE condemnation by the U.S. State Department, since this Agreement clearly violates Lebanon's right to sovereignty. Furthermore, the agreement is being negotiated by a government which does not have the support of the people, thereby violating the right to self determination.

3) Secretary of State Baker should actively pursue a solution to the Lebanese crisis as part of his overall Middle East peace plan. To date, all attention has been placed on Syrian-Israeli issues. Furthermore, this solution has to be consistent with international values that we have supported and fought for elsewhere, namely peace, sovereignty, and the right to self determination.

Accurate information concerning the situation in Lebanon is hard to obtain, but I would like to invite you to listen to Lebanon Newsline. Please see the enclosed information sheet for details.

In addition, a 7 member contingent of the Vermont Lebanese American Community will be visiting Lebanon this July. The purpose of this trip is to provide economic and humanitarian assistance directly to the people of Lebanon as well as information gathering of the current situation. We will provide you with a detailed assessment of our trip upon our return.

Thank you for your continued concern about Lebanon and its people.

Sincerely,

Fram Akiki

M. Fram Akiki, President
Vermont Lebanese American Community

MEMORANDUM FROM M. FRAM AKIKI

:O: Senator Patrick Leahy
Chairman, Senate Subcommittee on Foreign Appropriations

:ROM: M. Fram Akiki
President, Vermont Lebanese American Community

Fram

ATE: June 21, 1991

UBJECT: FOREIGN ASSISTANCE TO LEBANON

s concerned constituents and a charter member of the Council of Lebanese merican Organizations (CLAO), we have tried to keep you abreast of the ecent events in Lebanon. Your aide Fred Kenney has a complete file of news lippings, editorials, and factual information on the situation in Lebanon. even members of our organization will be travelling to Lebanon on June 27, 991 to provide economic assistance and gather first hand information on he Lebanese crisis. As a result, we will not be able to attend the public earing on June 25, 1991 concerning overseas economic aid. However, we ould like you to know our position concerning economic aid to Lebanon.

he cannons have been silenced in Lebanon, but peace has not been restored. ebanon, once the only free and democratic society in the Middle East, is ow slowly moving towards censorship and de facto dictatorship. Those ho try to speak out, like Dany Chamoun and most recently, Dr. Michel alhab, are gunned down in a brutal fashion. Newspapers in Lebanon are fraid to report the true news for fear of reprisals.

n the security front, the disbanding of militias and the expansion of the rea controlled by the Lebanese Army has only come about due to an overall, nd very dangerous, plan by the Syrians to increase its hegemony over ebanon. The Palestinians and Hizballah militias have received permission rom Damascus to remain, since they directly serve Syria's interests in argaining with Israel and the United States. The latest development, hich clearly shows Syria's desire to eliminate Lebanon's sovereignty, s the Cooperation Agreement signed on May 22, 1991 in Damascus. Our rganization has reviewed a copy of the original, Arabic text and it rovides for Syria's complete control over all of Lebanon's internal ffairs.

olitical developments have also moved in the wrong direction. Nine members f our organization were in Lebanon when the Taef agreement was signed, nd it clearly did not have the support of the Lebanese people. We saw, ith our own eyes, 250,000 people come out the following day in protest to he agreement. Why is the Taef accord, which is so important to the uture of Lebanon, not put to a public referendum? In addition, the ockery of the parliamentarian system in Lebanon continues with the ppointment, not democratic election, of new parliament members. These ew parliamentarians include the son of the Syrian appointed President, Syrian-backed drug baron, and a former head of a Syrian backed militia.

ased on this overview, the information we have provided you with in the ast, and our knowledge of the real situation in Lebanon, it is clear to see hat the Lebanese people are in dire need of humanitarian assistance. Our rganization has done its best to help, but the help of the U.S. government s also needed. But this aid has to get to where it is needed, and hat is directly to the Lebanese people. THE ONLY WAY TO ACHIEVE THIS S TO PROVIDE ALL ECONOMIC ASSISTANCE VIA THE INTERNATIONAL RED CROSS AND/OR HE UNITED NATIONS, NOT THE HRAWI REGIME. We have seen numerous abuses by his regime of economic assistance provided to them, and things will only et worse with the increase in Syrian hegemony.

e appreciate all that you have done to make Lebanon once again free of

LETTER FROM M. FRAM AKIKI

P.O. Box 962
Williston, VT 05495-0962
May 25, 1991

Janet G. Mullins
Assistant Secretary, Legislative Affairs
U.S. Department of State
Washington, D.C. 20520

Dear Ms. Mullins:

Thank you for responding via Representative Bernard Sanders concerning the U.S. policy towards Lebanon. Our organization, a charter member of the Council of Lebanese American Organizations (CLAO), has reviewed your letter and find the U.S. policy towards Lebanon to clearly be flawed.

The cannons have been silenced in Lebanon, but peace has not been restored. Lebanon, once the only free and democratic society in the Middle East, is now slowly moving towards censorshi, and de facto dictatorship. Those who try to speak out, like Dany Chamoun and most recently, Dr. Michel Salhab, are gunned down in a brutal fashion. Newspapers in Lebanon are afraid to report the true news for fear of reprisals. You stated that no evidence existed of Syrian atrocities in Lebanon, so I am enclosing a copy of a report by the Council of Lebanese American Organizations (CLAO) which documents the Syrian atrocities in Lebanon. Why was Syria given the "green light" in October 1990? Why does the U.S. continue to look the other way as Syria swallows Lebanon?

On the security front, the disbanding of militias and the expansion of the area controlled by the Lebanese Army has only come about due to an overall, and very dangerous, plan by the Syrians to increase its hegemony over Lebanon. The Palestinians and Hizballah militias have received permission from Damascus to remain, since they directly serve Syria's interests in bargaining with Israel and the United States. The latest development, which clearly shows Syria's desire to eliminate Lebanon's sovereignty, is the Cooperation Agreement signed on May 22, 1991 in Damascus. Our organization has reviewed a copy of the original, Arabic text and it provides for Syria's complete control over all of Lebanon's internal affairs.

Political developments have also moved in the wrong direction. A glaring omission from all U.S. statements on Lebanon is the support of self determination by the Lebanese people. 9 members of our organization were in Lebanon when the Taef agreement was signed, and it clearly did not have the support of the Lebanese people. We saw, with our own eyes, 250,000 people come out the following day in protest to the agreement. Why wasn't the Taef accord, which is so important to the future of Lebanon, not put to a public referendum? Why is the U.S. not calling for free and democratic elections in Lebanon? How can you claim the U.S. policy towards Lebanon is both firm and consistent, when it is clear the U.S. is simply allowing Syria to follow its agenda in Lebanon?

I am also enclosing a position paper by CLAO which clearly outlines the Lebanese situation and what steps need to be taken to bring about a free,, democratic, independent and sovereign Lebanon over all of its territory. I ask that you read over the document carefully, since our organization has very close ties to the people of Lebanon, and it is their wish that these actions take place.

A 7 member contigent of the Vermont Lebanese American Community will be in Lebanon during the month of July to provide economic and humanitarian assistance, as well as to gather additional information on the situation in Lebanon. We will provide you with a detailed assessment of our trip upon our return.

Sincerely,

Fram Akiki

M. Fram Akiki, President
Vermont Lebanese American Community

COUNCIL OF LEBANESE AMERICAN ORGANIZATIONS

January 1991

LEBANON FILE

Lebanon File is published to correct misconceptions related to the Lebanese Crisis. We seek a foreign policy toward Lebanon based on the foundation of democracy and that supports the Lebanese people's right to self-determination.

General Aoun's Letter to President Bush

The Prime Minister of Lebanon, General Michel Aoun, sent a letter to President Bush on September 29, 1990, seeking "a political solution in the Lebanon." Fourteen days later, on October 13, the Syrian army overthrew General Aoun in a brutal attack against the Presidential Palace and innocent Lebanese people. General Aoun's letter constituted a good opportunity for the United States to peacefully resolve the Lebanese crisis. Here is the content of the letter in its entirety.

Mr. President,

May we refer to the United States Declaration of Independence:

> "We hold these truths to be self evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are life, liberty and the pursuit of happiness, that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed - that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it."

These words are, and will remain for the people of the Lebanon a symbol of what we inherently believe and will steadfastly adhere to.

Exceptional times require exceptional actions. It is with this conviction that I am driven today to address myself to the President of the United States of America whose Constitution has been the source of inspiration to the aspirations to freedom by peoples since two centuries.

Although it is an unfortunate fact that relations between your government and ours and for various reasons are not as we would have liked them to be, and now is not the moment to elaborate over them: nevertheless the aggravation of an already deteriorated situation in the Lebanon following the developments of the last 24 hours require that men of good faith unite their efforts to promote peace.

Since this morning units of the Lebanese Army under General E. Lahoud are deploying alongside with the Lebanese Forces militia on certain cross-points and with the backing of certain foreign forces on other cross-points.

These forces commenced the imposition of a global blockade cordoning off all of the civilian population of the only remaining free zone in the Lebanon within which live more than 800,000 inhabitants: as a consequence now, subjected to inhuman trials and hardships and which will very soon result in the breakdown of every aspect of life. Apart from foodstuffs, medicines and the necessary sources of energy, all institutions, medical, educational, commercial, industrial and economic will come to a standstill. Vital public services: water, electricity, telephone and transport will cease to function.

The Hrawi-Hoss government resultant from the Taef accord and recognized by your government, with the hope that it may succeed to initiate dialogue towards national reconciliation, has just decided to revert to the use of military force with the active complicity of the Lebanese Forces militia to strangle one third of the Lebanese population.

The situation is even more serious as the deployment of General Lahoud's army units alongside, and under the real and effective control of the Lebanese Forces militia, would provoke a confrontation between the two wings of the only institution still able to restore peace in the Lebanon and ensure : the restitution of the sovereignty and independence of our country.

We are informed through our sources that the militias will spare no effort to instigate conflict through deliberate acts of provocation.

Our position is clear: We refuse to be drawn into fratricidal strife. It is in this spirit that I am addressing this message to you, Mr. President, I am convinced that you will spare no effort to help in putting into effect "a political solution in the Lebanon," as per your words in front of a delegation of American citizens of Arab origin on the 24th of September.

I hope that this new crisis will be the occasion for both our governments to resume an objective dialogue which will be in the interest of the American and Lebanese peoples.

Sincerely Yours,

General Michel Aoun
Prime Minister
Republic of Lebanon

"Revolving Door" Foreign Policy

-Eli Aoun

With the end of the cold war, the threat to world security now lies with the third world, mainly Mideastern countries seeking to satisfy their appetites for either economical or geopolitical gain. Iraq's invasion of Kuwait and Syria's brutal occupation of Lebanon are the best examples.

Superpowers now feel obliged to find a "formula" to deal with these regional aggressors. The security of the world depends on the quality, the type, and the effectiveness of that "formula."

The Impact of the Lebanese Crisis on World Security

Fifty years ago, the great Russian scholar Vladimir Vernadsky wrote: "Humanity is one. The life of mankind in all its multiplicity has become indivisible. The events, which happen at any point on any continent or ocean, affect and have repercussions, great and small, in a series of other places everywhere on the face of the earth."

The world resembles a human body with various organs. If one organ suffers, the whole body suffers. If one nation is at war, the whole world is threatened with war.

Lebanon has been at war for 15 years. The effect of that war on the Middle East and the world is more apparent today than ever.

The Effects on the West

If there had been peace in Lebanon, 243 U.S. Marines and over 100 French soldiers would not have been killed. There would have been no hostages, no western concessions, and no Iran contra. At the very least, the West would still have certain influence over Lebanon.

Cartoon courtesy of Scripps Howard

As a result of America's attempt to replace French influence in Lebanon, America's misled foreign policy has actually given away Lebanon to Syria. For the first time since the end of World War I in 1918, Lebanon's internal and external matters are influenced by an Arab country and not by the West. This is a result of the State Department's policy whose objective, supposedly, is a "free, independent, and sovereign Lebanon."

The Effect on the Middle East

The occupation of Lebanon by Syria and Israel and the inability of the international community to implement U.N. Resolutions calling for the withdrawal of all foreign armies from Lebanon have given an example to all Middle Eastern nations, including Iraq, that the aggressions of a strong nation against a weaker one will go unpunished and will even be rewarded.

In addition, the Syrians have used the Bekaa Valley of Lebanon to cultivate drugs and provide training camps for terrorists around the world. The Syrians have made Lebanon a base to threaten world security. The bombing of Pan Am 103 over Lockerbie, Scotland, and the Marine barracks in Lebanon are two examples of a long record of Syrian Horror.

The Lessons of History

In the 1938 Munich agreement, Britain appeased Adolf Hitler and accepted the partition of Czechoslovakia in exchange for a vague guarantee of peace from the Third Reich. In 1939, Hitler attacked Poland. World War II began.

In 1945, after Hitler's defeat, President Franklin D. Roosevelt allowed a Soviet sphere of influence in Eastern Europe in exchange for Soviet cooperation in pursuing the war against Japan and in furthering Roosevelt's vision of the post war world. Stalin deceived the West. The Cold War began.

In 1980, Western governments supported Iraq against the Ayatollah of Iran to put a halt to the expansion of Islamic fundamentalists. Iraq became a strong regional power as a result of Western and Arab assistance. In August 1990, Iraq invaded Kuwait. The Gulf Crisis began.

Since then, the Bush Administration is allowing a Syrian sphere of influence in the Middle East, especially in Lebanon, in exchange for Syrian cooperation against Iraq and furthering Bush's vision of a "New World Order." Bush's appeasement to Assad culminated in their meeting in Geneva on November 23, 1990. Mr. Bush and his advisors have chosen to neglect or ignore Assad's bad intentions and deceit despite previous experiences.

Syria's "Peace"

Syria entered Lebanon in 1976 along with other Arab forces to "maintain peace and order." When all forces left, Syria remained. Instead of being a "peacekeeping force," it became an occupation army. Syria's "temporary" presence has lasted 15 years, and Syria's "peace" has cost Lebanon 150,000 of her people — 5% of the population. In addition, Syria has switched sides repeatedly during the Lebanese crisis.

The only deterrent force to Syria was General Aoun and the Lebanese army, but the United States chose to forfeit this card. The U.S. has sought to appease Assad and satisfy Syria's appetite by "murdering" democracy in Lebanon and the people's hope for self-determination. It was all done in the name of "peace and stability."

The U.S. involvement in the "elimination" of the Lebanese map amounts to another Munich. This time, it was the Lebanese who paid the price. A few months from now, it will be the Americans. Those whom Mr. Baker considers to be friends and rewards them by sacrificing Lebanon will not be on his side when the fighting in the Gulf begins.

Eli Aoun is the Public Relations Liaison for the Council of Lebanese American Organizations

The Last Interview with Dany Chamoun

"Our President Takes His Orders From Damascus."

Born on August 26, 1934 in Deir El Kamar, Lebanon, Dany Chamoun is the son of the late Camille Chamoun (President of Lebanon 1952-58). In 1975, he was appointed Secretary of Defense of the National Liberal Party. From 1983 to 1985 he was the General Secretary of the Party. In 1988, President of the Lebanese Front, a political leader in the Movement of Free Lebanon, Dany Chamoun opposed Syria's presence in Lebanon and supported P.M. Aoun's War of Liberation. He was assassinated with his wife and two sons, aged 5 and 7, on Sunday October 21, 1990. A few hours before his assassination, Ramon Perez Maurna, a Spanish journalist conducted the following interview with Mr. Dany Chamoun.

RPM: What do you think of General Aoun's surrender?
DC: What else could he have done? Even the military (people) who have honor would give in to avoid a bloodbath. There was nothing we could do against Syrian air bombardment.

It has been said that Gen. Aoun had requested, on Oct. 12, the mediation of the French Ambassador and Israeli help.
The government of Elias Hrawi is promoting theories to cover what has happened here. Israel knew that the only ruling Lebanese Christian in power who would not ask for aid from Israel was General Aoun.

Why did you support Gen. Aoun against other politicians who approved the Taef accord?
Taef is a cruel coup d'etat, to which was added the Syrian offensive against Baabda. Gen. Aoun was appointed Prime Minister by former President Amin Gemayel, and was the acting head of state when the Taef accord took place. As Prime Minister, he dissolved the parliament and defied the presidential elections. But these did not interest Syria which occupied 2/3 of the country. The deputies elected in 1972, who continue to renew their mandate, are more compliant to Damascus. The "legality" born in Taef was accepted. Now, the Syrian offensive has put a bloody end to Aoun's legitimacy.

The Martyred Chamoun Family who always fought for Lebanon's Sovereignty

Is there, in your opinion, a chance for reconciliation?
There has to be a profound reconciliation. For this reason, the militias need to be disbanded. Syria sent its elite army against Aoun but did not move a small finger to end Hezbollah (the Party of God) whose arms pass freely in the territories under Syrian control. My party disbanded its militia in 1981, would the others follow this example?

How do you see this reconciliation in the political life?
Differences have to be expressed through the ballot box. It is good that there are political differences. Some pretend that we are imposing a one-party system. Never! Let there be interdenominational parties, like the Liberal Party, and let us go to the ballot box with equal conditions.

There is a talk about a ministerial reshuffle. Is there a place for those who follow General Aoun or those who think like you do?
No. The Syrians will not allow us to participate. The only contact I had with the new authorities was when their representatives visited me last Sunday and disarmed my bodyguards. So, I was not able to leave my residence and go to speak to the new government. *There are hundreds of thousands of Lebanese who want a Lebanon without Syria and they are not even represented in the government.*

At this moment, president Hrawi and Syria's Hafez El Assad are having a conversation...
So that Hrawi takes note of the path to follow. This is the peak of the humiliation: The president of Lebanon, the Prime Minister of Lebanon, and the Lebanese speaker of Parliament, all the three together, go to Damascus and request Assad's benediction. But with Syrian troops that patrol almost all the country, who can denounce it? *The problem lies in the fact that certain people in the West still believe that Syria is mandated by the Arab League.* It is the Syrian flag, and not that of the Arab League, not that of Lebanon, that flew the last days over the palace in Baabda. I saw it through my windows, and on the streets, the picture of Hafez El Assad posted on the walls.

Syrian Committed Genocide Goes Unreported

A human rights group of jurists, academicians, intellectuals and social workers, compiled a report concerning Syrian atrocities committed against the Lebanese. Following is an excerpt of this report received by the Council of Lebanese American Organizations.

The specter of massacres loomed over the group's appeals which were faxed almost daily in the two weeks preceding October 13, 1990. In the dispatch dated October 12 the following alarm was sounded:

> "It is a source of worry for us that the world is turning its face away from the scene of a possible massacre. Why is it that almost no international media agencies are reporting the happenings around here?"

Our poorly veiled bitterness is not just expressing our frustrations, fears and despair. It is also an urgent appeal that despite the many atrocities that have already been committed, many more could be averted if a swift, firm and coordinated international action were launched.

It is our belief that the Syrian regime should not be allowed to get away with atrocities committed by its own troops in Lebanon. According to history, **NOTHING ENCOURAGES HUMAN RIGHTS VIOLATIONS MORE THAN SILENCE.**

The Church

It is a matter of course that people take refuge in religious centers in times of crisis. The lower clergy who are closer to the people and may themselves, at times, fall victim to violation of their rights, were ready and eager to assist.

The silence of the Patriarch (the highest Christian authority in Lebanon), and worse still his declarations, displayed how wide is the gap which separates him from the bitter reality of his congregation. The Maronite Patriarch described the day when these atrocities took place as "a historic day." Although the Patriarch's denunciation of the atrocities a few days later absolved him of charges of bad intentions, his pathetic detachment from reality had been confirmed.

The Press and The Media

The free press is a mine of precious information on violations of human rights. Unfortunately, this is no longer the case of the Lebanese media. Lebanon, traditionally a haven for free expression of Arab schools of thought and artistic expressions which are denied or censored in their places of origin, started to lose this edge with the growing pressure of the two countries bordering it: Syria's direct pressure and Israel's indirect one by way of attempts on the Palestinian research centers prior to its invasion of Lebanon in 1982.

The pro-Syrian Beirut daily, *Al-Diyar*, lashed out in its editorial on October 15 against the militias who "profited from the Syrian advances to commit many thefts, rapes, and heap insults on the civilians." The daily added: "The Syrian soldiers (sought to) display friendship toward the Lebanese people..."

The French language daily, *L'Orient-Le Jour*, in its editorial on October 19, went to great lengths in describing the "irregularities" committed by, among others, the Syrians. However, a day later, the paper summoned enough courage to interview a woman who saw her husband and two sons led away by the Syrians and shot.

Foreign media interests in the Lebanese vary. While the French reserve a good deal of their media space and time for developments in Lebanon, the American and British media either throw a blanket of silence or make sure Lebanon news is relegated to a few lines in the inner pages. The European media, fall in between the French and the Anglo-American positions.

Had the international community, spurred by the international human rights groups, heeded the warnings, many lives would have been spared from Syria's genocide.

What Has Been Written

■ Daniel Pipes in the Washington Post (10/21/90)

Is this newly emerging partnership between the two countries (USA and Syria) a good idea?... If we could ally with Stalin to fight Hitler, we can join Assad to fight Saddam Hussein... The Syrians are alleged to have asserted their control by committing atrocities against the Maronites similar to those attributed to the Iraqis in Kuwait: summary executions, pillage, rape. Thus does a Middle east lion lick his chops. With Aoun gone, it appears that Assad has finally achieved his long-sought hegemony over Lebanon.

■ Boston Herald (10/23/90)

There is another Ba'athist Arab thug whose powerful military invaded and occupied a tiny, defenseless neighbor. His name is Hafez al-Assad, dictator of Syria, and he is in every way Saddam's equal in the arts of terror and oppression. Instead of earning the wrath of the administration, he has been rewarded with soft words and a blind eye to his crimes...

History will have the final say. Aoun will be recorded as a hero of Lebanese liberty. George Bush will not.

■ Rachel Ehrenfeld in The New York Times (10/28/90)

The Bush Administration's counting of Syria to combat Saddam Hussein in Kuwait is already paying big dividends - to Damascus... What is most galling is that Syria has obtained control of Lebanon without giving up anything - not even one Western hostage.

■ Jeane Kirkpatrick in the Los Angeles Times (10/28/90)

The failure of the Security Council even to call for Syria's withdrawal from Lebanon mocks that body's stated concern with national self-determination and with aggression. Its silence concerning the many Lebanese victims of Syria's expansion mocks its concern for excessive violence in Israel. And the silence of the Bush administration with regard to Syria's bloody attacks belies its concern for "excessive violence" and its passion for "fair" and even-handed" treatment for Middle eastern cases.

For The Record

■ On October 21, 1990, Lebanese Christian leader Dany Chamoun, an enemy of Syria, was assassinated in his home -- and then the gunmen murdered his wife, shot his eight year old son in the face and chased his six year old son into the bedroom to shoot him, point-blank, in cold blood, in the head.

Where is the U.N. resolution condemning Syria for sponsoring the deliberate murder of innocent children? Where is the call for a U.N. commission to investigate reports of atrocities in Syrian-occupied Lebanon? Why does the United States not support, and indeed lead, the international community in protesting such moral outrages?

Instead, the United States treats Syria with kid gloves, as a new-found friend and ally, merely because Syrian national interest momentarily coincides with our own in the Persian Gulf crisis.

But we must not lose sight of the fact that we do not share interests in Lebanon. And if it threatens our momentary cooperation with Syria to protest the extension of Syria's brutal regime into that country, then we have bought Syrian cooperation at far too great a price. What Syria is doing is wrong, and we should be deeply ashamed if its vicious brutality goes without our loud and sustained condemnation.
Rep. Howard L. Berman [D-CA].

■ I appreciated learning that your organization [C.L.A.O.] condemns the Iraqi invasion of Kuwait, and I agree with you that the Syrian invasion of Lebanon should also be condemned... Appeasing Syria and Iran will only serve to make the situation in the Middle East worse.
Rep. Matthew J. Rinaldo [R-NJ].

■ During my visit to Lebanon last year, I saw something which I never saw there before. It was the spirit that I saw in Hungary, in Poland, and in Czekoslovakia. Common ordinary people, young and old, peacefully demonstrated with signs that said, "We want our country back." As a nation firmly committed to self-determination, we cannot abandon these people or their dream for a Lebanon without war.
Rep. Mary Rose Oakar [D-OH].

■ I am deeply concerned about the continued violence in Lebanon and about Syria's and Israel's continued presence in this country. A united, free and independent Lebanon must remain our goal. The territorial integrity of the state is also crucial. We must work with Syria to change those policies it pursues in Lebanon with which we disagree... We must all work for a better, freer, and safer Lebanon in the 1990s than there was in the 1980s. **Rep. Lee H. Hamilton [D-IN] Chairman, Subcommittee on Europe & the Middle East.**

■ First, we must seek the restoration of Lebanon's territorial integrity, through the withdrawal of all foreign forces. That includes the withdrawal of Syrians - who bring not stability but an appetite for control over all of Lebanon.
Senator Bob Dole [R-KS] Senate Minority Leader.

■ Last weekend, Syrian troops launched a final offensive in Lebanon aimed at eliminating the last pocket of resistance to Syrian rule in Lebanon... The State Department's acquiescence in the final offensive in Lebanon can only be viewed as the price the Bush administration was willing to pay for Syrian support of our anti-Iraq coalition... Our new relationship with Syria doesn't strengthen our position - it strengthens their position and gives Assad the free hand he has always sought in Lebanon.
Rep. Edward F. Feighan [D-OH].

A Call To Justice

The Council of Lebanese American Organizations (CLAO) is a political federation of Lebanese Americans Organizations founded on July 15, 1989, to support the Lebanese in their struggle for freedom and security in their own country. CLAO believes in Lebanon's freedom, sovereignty, independence, and the Lebanese people's right to a dignified existence.

It is enough that over 150,000 Lebanese have died, over 500,000 have been injured, and over a million and a half have been forcefully displaced in the past 15 years of war in Lebanon.

It is time for us as Americans to realize that the Lebanese drama is a direct result of America's foreign policy, and that Lebanon is not the price to be paid for a Mideast "settlement."

In the name of Lebanese widows and orphans, we call upon all concerned American citizens to assist us in achieving the following objectives:

1. To exert pressure on Syria to stop its torture and executions of all military and civilian Lebanese hostages, and to release them immediately.
2. To deploy the Lebanese army over all the Lebanese territory and disband all militias.
3. To pressure the United Nations to implement its resolutions calling for the withdrawal of all foreign armies from Lebanon.
4. To allow international reporters to enter all areas of Lebanon, and to send a U.N. team of observers to oversee human rights violations committed against innocent civilians.
5. To guarantee the safe passage to France for Prime Minister General Michel Aoun and his cabinet members.

At a time when the United States is seeking to punish Iraq for its atrocities against the Kuwaitis, the U.S. is doing absolutely nothing to punish Syria for worse atrocities against the Lebanese. We hope that we, as Americans, take seriously our responsibility of defending a smaller weaker nation, Lebanon, from a larger stronger nation, Syria.

Elie Najm, Chairman
Council of Lebanese American Organizations

The State Department Cover Up

The State Department is covering up Syria's Human Rights violations. The following are some of what the State Department does not want you to know about the crimes committed by the "Peacekeeping" Syrian Army in Lebanon.

...Thirty-two Lebanese soldiers and five officers were executed, with their hands tied behind their back and the shape of a cross cut into their forehead.

In Bsous College, fourteen civilians were shot in cold blood.

Nineteen bodies were uncovered in the village of Houmal. Three women and two adolescents were put on their knees and executed.

One hundred fifty-two bodies were transferred in plastic bags from the Presidential Palace to the hospital at Baabda. These people were killed by bullets in their jaws and their temples.

Five officers, among others, were transferred to the infamous and sinister Syrian prison of El Mezze. They are:

General Fouad Aoun — Lt. Colonel Fouad Achkar
Colonel Amer Chehab — Lt. Colonel Fayez Karam
Colonel Karam Moussabaa

In the Syrian prisons, the Lebanese officers and soldiers serve sentences because of their fidelity to Lebanon.

Two monks were abducted and executed in the village of Beit Meri. They are: Father Albert Cherfane and Father Suleiman Abou Khalil. The tombs of Pierre and Bashir Gemayel, former Lebanese President, were desecrated.

At the hospital in Baabda, the odor of 120 corpses filled the place. Soldiers had been put on their knees with their hands tied behind their backs and shot in their foreheads. Their throats were cut.

The printing office in Jamhour of the Jesuit priests, one of the most historic and prestigious in the East, was ransacked and looted in the presence of the priests. The loss of this printing office is a great blow to the church of the Arab East. The publication of the last Bible in Arabic (printed by the Jesuits) is a treasure for humanity and the church in the East.

In Hadet, cases of theft, rape, and massacres occurred at the hands of the Syrian occupation army and Hezbollah militia.

In front of Notre Dame Church in Hadet, five prisoners were executed. The two priests Father Joubrael and Father Michael were badly treated and were forced to crawl like animals.

The Lebanese ministry of Defense in Yarze has been vandalized: Documents, cars, desks, typewriters, photocopiers, buys, etc...

Lebanese army soldiers and officers were forced to undress and to walk naked or crawl with their boots in their mouth. Seventy three Lebanese soldiers were killed by bullets in the lower right skull. Five soldiers and one officer of the Army corps were summarily executed by the Syrians after they laid down their arms.

A doctor examined three mutilated bodies in Lebanese Army fatigue with their hands and feet still tied and eyes blindfolded. One of the victims was slaughtered, another shot in the head and the third shot in the head and had both his hands chopped off and sexual organs removed.

Rape is the least reported of crimes everywhere in the world. These cases are usually hushed up. It is the more so in cultures where sex outside wedlock, regardless of the circumstances, has devastating social retributions on the victim. Nevertheless, a number of cases of rape were reported by a third person.

Syrian troops dutifully searched under the bras and the panties of women for arms.

Stealing cars, looting property, and arbitrary arrests occured in all the Christian enclave. Syrian troops insulted people and forced them to service.

These operations were done everywhere the occupation army passed. The list gets longer, every day. *The State Department's cover-up goes on.*

*Compiled from 3 different reports by Human Rights Associations in Lebanon. For more information please contact CLAO-*Lebanon File*, P.O. Box 181116, Cleveland, OH 44118-7116.

THE COUNCIL OF LEBANESE AMERICAN ORGANIZATIONS COMPILATION OF REPORTS CONCERNING HUMAN RIGHTS ABUSES IN LEBANON

LEBANON
Eyewitness Report of
HUMAN RIGHTS VIOLATIONS

Committed by
the Syrian Occupation Forces
against
Lebanese Civilians and Military Personnel
during and after the
Syrian Invasion on October 13, 1990

Compiled by a
Political Source
(who wishes to remain anonymous due to personal risks)

THE OCTOBER DEBACLE

Report On Lebanon - Fall of 1990

Compiled and Written By The
Foundation for Human & Humanitarian Rights
(Lebanon)

Published By The
Council of Lebanese American Organizations
P.O. Box 181116, Cleveland Hts., Ohio 44118

November 4, 1990

THE OCTOBER DEBACLE

I. INTRODUCTION

An ad hoc human rights group of jurists, academicians, intellectuals and social workers was formed to monitor the developments which culminated on October 13 by the Syrian troops taking over the two Matn districts of Lebanon. In light of the rumors making the rounds that atrocities were committed, the ad hoc group shifted its attention to examine and evaluate the available evidence. This report is the outcome of ten days of intensive field work.

The fears the group expressed in its dispatches have entirely been justified. Had the international community, spurred by the international human rights groups, heeded the

warnings, many lives would have been spared. Rape and other violations would not have been given the chance to haunt their numerous victims for the rest of their lives.

The specter of massacres loomed over the group's heated appeals which were faxed on almost daily basis in the two weeks preceding October 13. On October 1st, the fourth paragraph of the dispatch read:

> "Another alternative, often mentioned by the Hrawi government's minister of defense , would be an assault on this region. We have very few reasons to believe such an invasion is going to be a departure from the long-standing tradition of atrocities. Throughout the 15-year-old Lebanese war, not one atrocity was skipped and all were committed liberally and in abundance."

Up to the last dispatch before the massacre the group kept repeating its worries and fears. In the dispatch dated October 12, 1990 the following alarm was sounded:

> "It is a source of worry for us that the world is turning its face away from the scene of a possible massacre. Why is it that almost no international media agencies are reporting the happenings around here?"

Our poorly-veiled bitterness is not just taking out our frustrations, fears and despair on somebody. It is also an urgent appeal that despite the many atrocities that have already been committed, many more could still be averted if a swift, firm and coordinated international action is launched. It is our firm belief that no regime, dictatorships included, would sacrifice years of patient image-building just because its troops allowed their worst instincts to break loose. However, the temptation would become too strong to resist should any regime realize it could get away with atrocities committed by its unrestrained troops. In the long record of human failure which is called History one footnote keeps depicting itself on each page. **NOTHING ENCOURAGES HUMAN RIGHTS VIOLATIONS MORE THAN SILENCE.**

II. SOURCES & METHODOLOGY

A. Testimonies

The findings listed in this report are mainly based on interviews with the people who were either victims of violations or witnessed these acts committed on others. Some of the atrocities, by their very nature, have to be reported in the third person. Not many are as fortunate as some Greek heroes to enter the Land of Hades and interview the population of the Lower World. The most conclusive proof of massacre and summary execution of prisoners have been passed to us by two physicians in two different hospitals who themselves had to perform the unpleasant examination of corpses. 73 Lebanese soldiers were killed by bullets in the lower-right skull, one doctor testified. The other doctor reported he examined three mutilated bodies in Lebanese Army fatigue with their hands and feet still tied and eyes blindfolded. One of the victims was slaughtered, another shot in the head and the third shot in the head and had both his hands chopped off and sexual organs removed.

Of a slightly less conclusive nature is the testimony of Lebanese Army officer -name and rank withheld- who insists some five soldiers and one officer of the Army corps were summarily executed by the Syrians after they laid down their arms.

There is another set of crimes the victims of which, though able to speak, are generally unwilling to reveal what they have gone through. Rape is the least reported of crimes every where in the world. It is the more so in cultures where sex outside wedlock, regardless of the circumstances, has devastating social retributions on the victim, her descendants as well as ascendants. These cases are usually hushed up. Nevertheless, a number of cases of rape were reported to us in the third person.

There are less social inhibitions on reporting quasi-sexual overtures. Many testified that the Syrian troops dutifully searched under the bras and the panties of women for arms.

People are not restricted when they report the rest of the violations. Stealing cars and looting property are the easiest cases to investigate. Yet the task becomes tedious as the inventory list grows.

The same applies to insulting people and imposing on them service to the Syrian troops. Many restaurants found it wise to close down their business and wait for a more promising season when they realized that all what they do is to provide meals with the firm's compliments to the growing number of armed clients.

B. The Press and The Media

The free press is a mine of precious information on violations of human rights. Unfortunately this is no longer the case of the Lebanese media. Lebanon, traditionally a haven for free expression of Arab schools of thought and artistic expressions which are denied or censored in their places of origin, started to lose this edge with the growing pressure of the two countries bordering it: Syria's direct pressure and Israel's indirect one by way of attempts on the Palestinian research centers prior to its invasion of Lebanon in 1982.

However, despite the short reign, the Lebanese press unwittingly provides tips about violations. The pro–Syrian Beirut daily Ad–Diyar, lashed out in its editorial on October 15 against the militias who profited from the Syrian advances to commit "many thefts, rape women and heap insults on the civilians." The daily, which did not include the Syrian troops among the perpetrators, included them in the remedy it prescribed: "The Syrian soldiers (ought to) display friendship toward the Lebanese people..."

The French - language daily L'Orient-Le Jour, in its editorial on October 19, went to greater lengths in describing the "irregularities" committed by, among others, the Syrians.

The French - language daily, however, a day later, summoned enough courage to interview a woman who saw her husband and two sons led away by the Syrians and shot. The report wisely introduced the interview by quoting a certain George ...(the paper withheld his family name) who said the Syrians were acting in retaliation against an ambush against their troops.

It is also by way of the media that we come across confirmation by the government officials, (though in an oblique way) of atrocities. President Elias Hrawi, in the course of an audience he accorded to a delegation from the village of Kahhale, cautioned "that snatching an ear ring from here and a car from there should not be allowed to hinder the government efforts to promote national reconciliation with the sisterly assistance of Syria."

Albert Mansour, the minister of defense, revealed more. "Why do we overlook the fact that hundreds of Syrian soldiers were trapped and ambushed before they resorted to these measures?"

The press and media often quoted Prime Minister Salim Hoss as denying irregularities taking place.

The foreign media comes out with a picture closer to reality. The interests of the foreign media in the Lebanese issue vary. While the French reserve a good deal of their media's space and time for the developments in Lebanon, the American and British media either throw a blanket of silence or make sure Lebanon news are relegated to few lines in the inner pages. The European media, as far as we could judge fall in between the French and the Anglo–American positions.

C. The Church

The theatre of operations is a densely populated part of Lebanon composed mainly of Christian Maronites with a substantial minority of Orthodox and Armenian Orthodox Christians. The other Christian communities, Catholics, Syrian Orthodox and others have their own concentrations.

The Church proved to be a very precious source of information. The different churches have provided many services to the two Matn districts in the form of schools, hospitals, old people houses so that hardly a square mile in the stricken area would lack a church institution. The personnel of these institutions were ideally located to witness the various acts.

Moreover, it is a matter of course, especially in the less secular societies such as Lebanon, that people would rush to religious symbols and centers for protection and comfort in times of crisis. The lower clergy who are closer to the people and may themselves, at times, fall victims of violation of their rights, were ready and eager to assist the work of the team. Many of the interviewees would have dragged their feet or at best opted for vague answers had it not been for our companions' encouraging smile and sympathetic nod.

The Patriarch and most of the high clergy were left out of the list of interviewees. Their silence, and worse still their declarations, displayed how wide is the gulf which separates them from the bitter reality their congregation is subjected to. Suffice to note that the Maronite Patriarch described the day when these atrocities were taking place as "a historic day". Although the Patriarch's denunciation of the atrocities a few days later absolved him of charges of bad intentions, it confirmed his pathetic detachment from reality.

III. THE GATHERING STORM

A good deal of work lies in store for students of modern Middle East history to provide answers to some intriguing questions: Did the Americans, more in need of Syria's support for its Gulf policy than the Christian presence in Lebanon, sacrifice the less important to bolster tight embargo against Iraq? Was Israel satisfied by some guarantee from Syria via the US so as to allow the Syrian Air Force to use the Lebanese air space to devastate the positions of General Aoun?

While these questions and many more remain the worry of the political analysts and historians, we shall be satisfied by recording the events which preceded the Syrian move:

- The Council of Ministers resolved in its meeting on October 9, to appeal for Syrian military assistance to ous: General Michel Aoun from his position in the two Matn districts.
- The Syrians, presumably after clearing their position with the US and, through them, the Israelis, were willing to oblige. A Syrian build up began on the southern and eastern flanks of the encircled zone.

  October 12 was a day of general strike called for by the supporters of the General against the Syrian massing of troops and the growing signs of an invasion.
- At a mass rally before the residence of Aoun, three gun shots were fired at the General. The assassination failed and the would-be assassin was captured. He confessed after he was freed to have come from Syrian-controlled West Beirut to kill General Aoun. The General continued his speech and to the surprise of many, asked the people to go home. This was a break with the original plan to keep a civilian presence around the targeted location in a bid to hinder military action.
- Uri Lubrani, the Israeli coordinator and the highest ranking official entrusted with Lebanese affairs, announced on October 12 that his country opposes any Syrian military intervention in the zone held by General Aoun.
- The spokesperson for the US State Department announced that the Bush Administration opposes a settlement of the Lebanese crisis by force.
- 7:05 A.M. of Saturday, October 13 Syrian Air Force jets raided the positions of General Aoun in Baabda. Other raids were directed against his army concentrations, mainly the artillery positions.
- The air raid was followed by a concentrated artillery shelling of the whole Matn districts. Press reports described the artillery duel as the most intensive on record. "More than 100,000 shells were fired in the course of the exchange," one paper said.
- At 9:30 A.M. General Aoun, who by then managed to seek asylum in the nearby French embassy, announced on the radio an order to his general staff to henceforth receive their orders from General Emile Lahhoud, the Commander-In-Chief appointed by the Hrawi government.
- Shooting, although drastically subsiding, continued in isolated pockets untill the early hours of the afternoon.

IV. THE TAKEOVER AND THE AFTERMATH

The Syrian troops broke through the encircled zone of General Aoun from five axes: The suburbs of Beirut and Souk al Gharb from the South. The Beirut-Damascus road, Monteverdi and Duar from the East. It is widely believed that some units continued obstructing the Syrian advance even after receiving the order to surrender. However, it is established beyond a shadow of doubt that the bulk of the army loyal to General Aoun complied with the orders.

Not all the casualties of the battles fit within this survey. We fully understand that there can be no war free of casualties. While we lament all acts of violence especially those resulting in loss of lives, we have set to restrict our recording of violations to those committed against disarmed soldiers and civilians.

It is not impossible to distinguish between the various causes of death. Medical examination would determine whether a casualty was killed in cold blood or an assault. It could be an attempt to blur the distinction between the two types that we came across a case when the prisoners, after laying down their arms were ordered in a ditch and hand grenades where tossed at them followed by a hail of machine gun bullets. One (in some versions two) out of the total number of 26 prisoners survived the carnage and reported his story.

With the security situation as is, it is impossible to conduct the kind of investigation possible in democracies. The group had to lean heavily on the account of people who themselves witnessed or examined the events. That being the case, we were bound to examine not only the narrative but also the narrators. Some are more reliable than others. Some are reliable but their testimony was based on the authority of a prior source which would reduce the value of their testimony.

All these variations were duly taken into account.

The following is the list we could establish in the ten days following the Syrian invasion of the two Matn districts on October 13, 1990.

A. SUMMARY EXECUTIONS

1. Of Prisoners

a. 73 bodies were brought to the hospital of ....(name withheld) in the afternoon of October 13. Dr. (name withheld) examined them all and, when interviewed by a team member insisted that each one of the 73 victims received a bullet in the lower right side of his skull.

Comments

The integrity and motives of the narrator are beyond reproach. The narrator was reporting what he personally examined.

Group's Evaluation

The group accords first class credence to this testimony.

b. 3 bodies of soldiers in Lebanese Army fatigues were brought in the afternoon to the Hospital of .....(name withheld). Dr. (name withheld) examined all three corpses. He provided the investigation team with the following information.

All three victims had their hands and feet still tied and eyes blindfolded. One of the victims was slaughtered, another shot in the head and the third shot in the head and had both his hands chopped off and sexual organs removed.

Comments

The integrity and motives of the narrator are beyond reproach. The narrator was reporting what he personally examined.

Group's Evaluation

The group accords first class credence to this testimony.

c. A Lebanese Army officer (name and rank withheld) provided us with the following list of casualties belonging to the 10th Army Corps. It should be noted that 28 casualties fell in the course of the battles in Dahr al Wahsh. These are excluded from the list which follows:

Brig. 101 ..... 17 liquidated

Brig. 102 (air borne) 26 liquidated (2 managed to escape)

Brig. 103 ..... 28 liquidated

Brig. 104 ..... 5 liquidated

Brig. 105 ..... 4 liquidated (the officer is not sure whether the figure is 4 or 6)

Comments

The integrity of the officer is beyond reproach. However, we must allow for a possibility of inflating the figures in a bid to vilify the Syrians. Furthermore, the figures he provided are mostly based on barracks talk though one of the stated figures is derived from his direct experience.

Group's Evaluation

The group accords reasonable credence to this testimony.

d. A widely circulated report was that 10 to 12 (in other narratives the figure is double that) army elements were ordered to enter a ditch after surrendering their position near Brummana. All but two survivors were killed by hand grenades and machine gun fire.

Comments

This case was not reported to the group by any reliable source. Yet, when the group asked informed people about it, they would not dismiss it entirely.

Group's Evaluation

In principle, reports of this kind would receive very little credibility, if at all. However, experience shows that widely circulated reports are never without foundation.

e. A civilian testified to a group member that in the afternoon of October 13 he saw a Syrian patrol entering the town of Hadath. They intercepted two unarmed soldiers in Lebanese Army fatigues (one is a lieutenant while the other is a sergeant). The Syrians, after talking to them opened fire and both were killed, After robbing them of valuables and money, the Syrians dragged the bodies and placed them on the staircase of Notre Dame Church of Hadath.

Comments

The narrator's integrity and motives as well as his testimony are beyond reproach.

Group's Evaluation

Due to these facts the group accords full credence to the report.

f. The group came across reports that the Syrians liquidated a number of Lebanese Army Cadets who were positioned in the Duar. The number of victims, according to some reports, is as high as 60.

Comments

Low credence is accorded to this report.

Group's Evaluation

Low credence is accorded to this report.

2. **Of Civilians**

a. Two priests (Father Albert Charfan, and Father Suleiman Abu Khalil) disappeared from Deir al Kalaa in Beit Merri. The priest who interceded with the Syrians to know the whereabouts of his colleagues could get nowhere. The latter, who was reporting the case to the group, seem to have no doubt that they were liquidated by the Syrians.

Comments

The integrity and motives of the narrator are beyond reproach.

Group's Evaluation

Given the personality of the reporter and his intercession with the Syrians, the group accords high credibility to the report.

b. Fifteen civilians belonging to three families in the village of Bsous were grabbed by the Syrians and summarily executed. The victims are:

6 of the Sayyah family
5 of the Sadir family
4 carry the names of different families

Comments

This massacre is widely accepted by all impartial parties. Furthermore, the 6 victims of the Sayyah family are related to a reporter known to the group who confirmed the massacre of his relatives and does not doubt the rest of the report.

Group's Evaluation

The group accords credence to the report of massacre in Bsous. The final count, however, could be modified in the light of closer examination should there be a chance to conduct such an inquiry.

c. Two people, a middle aged man and a woman, where killed near Baabda Palace by the Syrians who were assaulting the place.

Comments

This report is based on hear say. Low credibility is accorded to it

Group's Evaluation

Low credibility should be accorded to this report.

B. RAPE

A number of cases of rape were reported. These cases, according to a nun who was interviewed by the group members, are inferior to the number of cases she is aware of. Most of the rape cases took place in the southern and eastern parts of the two Matn districts following the Syrian troop invasion of the district. We are informed of the case of rape in Beit Merri of a 24–year old woman. In Hadath, the number, many assert, is much higher. There are reports that the Syrians committed many similar violations in Hazmieh where many Lebanese Army families reside.

Group's Evaluation

Many of the reports of rape should be seriously considered. It is unlikely that these violations would be spared given the general climate and the behavior of most of the armed forces in similar cases of invasion. We find no reason to absolve the Syrian Army of committing such violations.

C. LOOTING

With the exception of Prime Minister Salim Hoss, nobody doubts that stealing of cars and looting of property took place, even President Hrawi and his Ministers were ready to admit that

such actions took place in the course of their justification of those acts which accompanied the Syrian invasion.

The group knows of many people whose cars were stolen at the Syrian check points. A priest, who used his cordial relationships with the Syrians to alleviate the hardship on the people, confirmed to the group that looting and vandalism took place on a wide scale all along the road from Mkallis to Bikfayyah. A special effort was made to loot the houses in the villages of Mansouriyeh, Beit Merri and Brummana. The priest was the only one we interviewed to include the 6th Lebanese Army Corps among those who had a hand in looting property.

In the village of Bikfayyah and vicinity, looting was also reported. One of the group's members is a personal witness to the breaking into the house of a prominent politician and clearing it of valuables.

Group's Evaluation

The group unanimously accords credence to the reports of looting. We are informed of specific cases which allow for doubt as to the acts taking place and the beneficiaries therefrom.

D. ARRESTS AND KIDNAPING

These acts are done in utmost secrecy. However, some of the names of people grabbed by the Syrians for investigation are known and even a list was published in newspapers following the invasion. The list includes a number of high-ranking Army officers who were wisked to Anjar and according to other unconfirmed reports, were taken further on into Syrian territory

Reports on arresting civilians were not confirmed. Many anticipate these measures to be around the corner.

E. INSULTS AND HIGH HANDED TREATMENT OF PEOPLE

There are numerous reports of insults heaped on the civilians at the Syrian check points. We were not informed of physical assaults on people. In the town of Hadath, the civilians, who were seeking refuge in the cellar of the village church in the thick of the battle, were asked by the Syrian troops who entered the place to leave the shelter and kneel in the exposed court yard. They were also asked to place their hands over their heads and to keep repeating in as loud a voice as possible "Assad till Eternity."

Group's Evaluation

Insulting civilians becomes a matter of course as the experience of the other Lebanese in the Syrian controlled zone (as well as the Israeli one). The group, given the validity of the reporters, the density of similar reporting and the likelihood of such behavior, accords credence to them.

F. A SPECIAL CASE: THE ASSASSINATION OF DANY CHAMOUN AND HIS FAMILY

A crime of great significance took place eight days after the Syrian takeover of the Matn district. Dany Chamoun, the leader of the National Liberal Party and the head of the New Lebanese Front, was killed in cold blood on the morning of Sunday October 21st. The victim, was known for his opposition to the Syrian invasion of the region. He and his party formed one of the main popular bases of General Aoun's regime.

Dany Chamoun was assassinated at 6:30 A.M. in the morning by apparently expert killers who took their time in examining the habits of the place, the change of the guards around the house as well as other necessary details. The assassins, reported to be four in number, were equipped with silencers and, when admitted to the house, they killed Chamoun, his wife, who came when she heard his body hit the ground, was shot and killed. His son, aged 7, entered the hall where the crime was taking place and was killed. Chamoun's other son aged 5 remained in

his bed room which one of the assassins checked and when he saw the small boy, he shot him down.

The assassination of Chamoun and his family was interpreted by many as a beginning of a series of similar attempts to encourage politicians to behave. One Lebanese politician, the Druze leader Walid Jumblat, was quick to get the message: "I am going to be the next," he said on the TV on the evening following the murder.

The murder, it should be noted, took place in the Syrian-held territory.

V. ACTION REQUESTED

The ad hoc group appeals to the international human rights organizations and groups to express their concern towards what is going on in Lebanon. The Lebanese do not only feel ignored but also humiliated when they realize that other Middle East issues (i.e. the Kuwait and the Palestinians) are addressed while their plight is over looked.

The ad hoc group would like all concerned groups, organizations and religious bodies to embark on all or some of the following necessary steps:

1. Express concern over what is taking place in Lebanon by addressing the Lebanese embassy in their own countries.

2. Express similar concern to the Syrian embassy in their various countries.

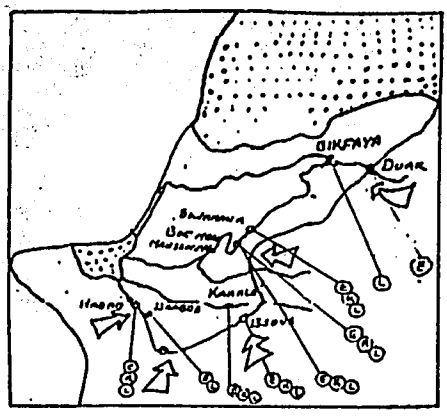
3. Address the US State Department, US Congressmen and influential US decision-makers to display concern over what is happening in Lebanon. Pressure should be exerted by the US Administration on the Lebanese and the Syrian governments to redress the violations that have already been committed and impede new ones from taking place.

4. Address the European community on the plight of the Lebanese and demand measures similar to those demanded from the US Administration.

5. Set up an international inquiry team to look into the violations of human rights in Lebanon. NGOs should be represented en mass within these teams.

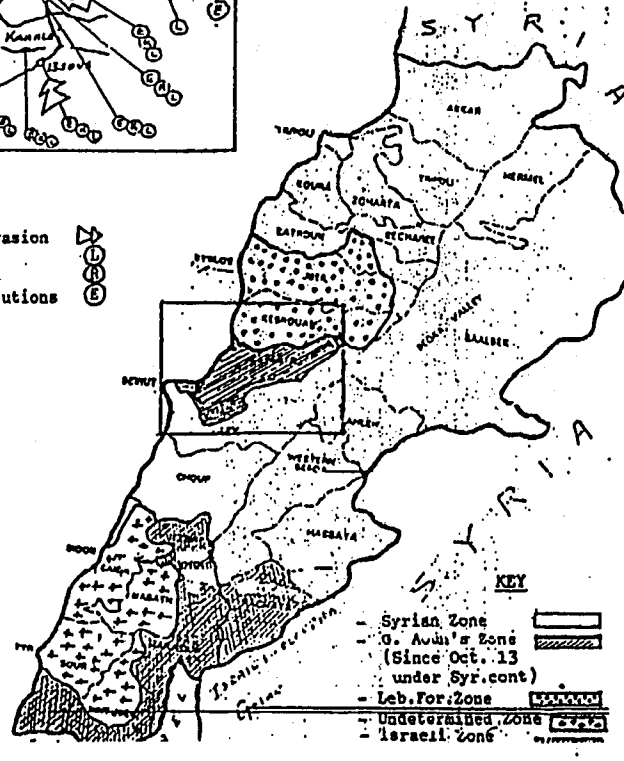
6. Set up an international working group to examine the Lebanese developments and report thereon to the various international institutions and governments.

VI. MAP



KEY

- Syrian Axis of Invasion
- Looting and arson
- Rape
- Massacres and executions



I. List of the Lebanese Officers Retained in Damascus

Generals
Fouad Aoun
Fawzi Abou Farhat
Gaby Arsouni
Mikhoul Harme
Louis Khoury
Chamel Mouzaya

Colonels
Amer Chehab
Salah Mansour
Karam Moussabaa

Lt. Colonels
Fouad Achkar
Toufic Doumit
Fayez Karam

Captains
Maroun Abou Diwan
Mounir Akiki

II. List of the Lebanese Officers & Soldiers Massacred by the Syrians

Military School Cadets
Ali Labib
Pierre Abou Youssef
Nabil Abou Zidan

Soldiers
Walid Abou Assaad
Simaan Adam
Ahmad AlAmwaji
Ghassan Ali
Ohanes BadrSelyan
Amer Bayeh
Elias ElKadi
Gabi Makhlouf
Claude Matta
Hussein Merhi
Imad Salameh
Kazem Saleh
Ralph Sarkis

Adjudants
Marwan ElZehbi
Georges Ishak
Camille Makhlouf
Naim Mitri
Joseph Rached
Maroun Youness

Corporals
Haydar Abdou
Roni Abou Nicholas
Samir Istphan
Ronald Salameh
Fares Wakim

Sergeants
Fadi Abd ElKarim
Ghassan Abou Abbass
Hanna Abou Mahab
Majed Attaya
Georges Chamoun
Ibrahim Eid
Shaalan ElBitar
Mahmoud ElHadchiti
Nabil Fares
Farid Freyha
Rimone Hadchiti
Akram Hanna
Georges Lattouf
Simone Makhoul
Johnny Maroun
Souheil Rizk
Maurice Salameh
Bassam Shahine
Shahine Shahine
Boutros Yammine

Lieutenant
Georges Sawalhem

Captain
Albert Tannous

Lt. Colonel
Georges Zoughrob

Unknown Rank
Maroun Hnoud

LETTER FROM JOSEPH L. BOOHAKER, TREASURER, NATIONAL ALLIANCE OF LEBANESE AMERICANS

March 25, 1990

Ambassador David Newton
NEA/ARN Room 6250
Department of State
Washington, D.C. 20520

RE: March 9, 1990 Correspondence to Kahalley

Dear Ambassador Newton,

Ed Kahalley our VP of Communications has referred your letter of March 9, 1990 to me for response. I do this fully aware that the utility of such correspondence is minimal, at best. Nevertheless, so that you know that we are still here, I file this response.

First, we greatly appreciate the time and effort that you in the Administration have made to achieve our long held goals of a reunited and peaceful Lebanon. We are all for these worthy essential goals. What have you done lately to assure that Lebanon will also be free and democratic? There is a difference, just ask the people of Lithuania or Syria, they have peace but no freedom or democracy. If this is the kind of peace that you are working for in Lebanon, then we remain at odds even over basic objectives.

Second, we can not deny that the U.S. and the rest of the world recognizes Elias Hrawi as president of Lebanon. It is the exclusive right of the USG to so grant diplomatic recognition to representatives of foreign governments. The Administration's recognition of Mr. Hrawi's representatives does confer a degree of international legitimacy to Hrawi's government.

Your statement, however, that the "United States believes that the Lebanese Parliament was acting within its powers in electing President's Mouawad and Hrawi" oversteps the power of even the USG. There is a difference between diplomatic recognition and the degree of international legitimacy that flows from that recognition, and a determination of legality. A determination of legality is the source of legitimacy and it can flow only from the people of Lebanon and be founded on the precepts of the Lebanese Constitution. The USG has no right under international law or any other authority to usurp this sovereign right of the Lebanese people and Lebanese legal interpretation of their own constitution.

Legal scholars employed by both Aoun and Hoss, prior to Taif, concluded independently that Aoun led the only legal government in Lebanon and that it also held the executive power of the State, including the power to dissolve Parliament, which it did prior to the selections of Mr. Mouawad and Mr. Hrawi.

The USG, nevertheless refused to give recognition to Aoun's Cabinet, apparently for the very reason that it did not wish to have any transition problems when a Mouawad or a Hrawi was selected. This may have all been very convenient for the State Department, but it tramples the Lebanese Constitution. I have heard you, Ambassador McCarthy and others state time and again that following the expiration of Gemayel's term, that Lebanon had no one with the executive power of the state. This statement was made in disregard of the Lebanese Constitution which makes provision that the executive power shall always rest in some constitutional entity, if not in a president, then in an interim cabinet. Gemayel constitutionally appointed Aoun who appointed a Cabinet.

Small weak nations have no right under international law to interpret and rule upon the constitutions of stronger sister nations. Under the system of international laws which govern relations between sovereign states, strong powerful nations, likewise, do not have to right or power to interpret and rule upon constitutional provisions of their smaller weaker sister nations. Your statement, which clearly implies that the U.S. has assumed this right, is in derogation of the international system of laws by which we live and supportive of a return to the "law of the jungle" whereby strong states devour smaller states as did Hitler's Germany and Stalin's Soviet Union in the case of the Baltic States. If U.S. policy says that we in the United States now have this power, then NALA remains unalterably opposed to the setting of this type of dangerous precedent.

Third, we in NALA, too, deplore and characterize the bloody fighting in East Beirut as unnecessary violence. After receiving Mr. Ted Kattouf's letter, we obviously have a difference of opinion as to the identity of the party who initiated this tragic chapter in the war. Our information is from sources on the ground in Lebanon which we verified by three different independent checks. What is the source of information on which you base your denial and claim that we have been made the victim of malicious rumors? We (the USG) have no American personnel on the ground in Lebanon. Information out of Lebanon these days is more likely a version of the truth. We realize this and so we triple check. Let us know of the source of your information and if we are wrong, we will issue retractions of our statements regarding U.S. involvement in the initiation of these battles.

You have commented that Aoun's "violent ways" have not freed a single square inch of Lebanon from foreign forces. We all greatly resent this characterization of Aoun. He did not start or instigate the battles with the LF and he has accepted every opportunity to attempt a mediated settlement, even to the point of withdrawing from areas which the Army had secured at very great cost. He has reached out his hand under French and Vatican mediation efforts to Hrawi and has been refused because of Hrawi's compliance to Syrian objections and American indifference to the objections.

How can Hrawi be the answer to any of these problems when he takes direction from the Syrians who are the

problem? By the way, how many square inches of Lebanese soil has Hrawi been able to liberate? Even with the backing of the USG, international recognition, a representative in the UN and the Arab League, the answer is that Hrawi has not only failed to liberate anything, but has lost his dignity and compromised the independency of the Lebanese Presidency in the process by his slavish behavior toward Syria. Hrawi could not even voice a protest over the Syrian attack on the Baroness M which was carried out in international waters off of Lebanon. We therefore think it just a bit unfair for you to fault Aoun with not having yet freed territory. You could at least acknowledge that he has freed the Lebanese of the mentality that they are powerless to affect the destiny of their own country. This he has done. This is the first step to liberation of the land and it, too, will come.

Finally, regarding your comments that no other program than Taif has achieved a "similar consensus among the Lebanese", we find agreement. There is in Lebanon a consensus regarding Taif - the people reject it for its failure to address the sovereignty issue. Again, I remain curious as to the source of your empirical evidence regarding consensus among the Lebanese people. Has the State Department conducted a poll? Have you performed some survey of the population of which we are not aware? If so, we would like to know so that we can reevaluate our statements. Presently, our data base is contained in videos in which we have seen hundreds of thousands of Lebanese at Baabda in opposition to Taif. They are from all religions and all regions of Lebanon. They appear to be Lebanese citizens. Did your poll miss these people? We have interviewed countless of recent refugees to the U.S. who have escaped the fighting to ask of them whether the Baabda demonstrations were contrived or genuine and all say that it is quite genuine, except LF sympathizers, who for their own internal political reasons wish to deny the popular support that is behind the Aoun Government.

Mr. Ambassador, as I said at the beginning, this letter is strictly for the record. I do not believe that you or anyone at the State Department will read this and even investigate the truth of the statements, which if accepted, would simply not fit current U.S. policy on Lebanon.

The truth of the matter is that current U.S. policy for Lebanon does not provide for freedom or independence of Lebanon. We know, and you must know, that the last obstacle to full implementation of Taif is the resistance of the Lebanese people led by Michel Aoun. Eliminate that resistance, and Elias Hrawi is installed in Baabda, if the Syrians permit, where he will immediately come under the direct control of the LF. He will be powerless to direct the destiny of Lebanon. This is exactly the type of central government which those with vested private interests in Lebanon want. They want someone who will provide the facade of legality to their actions and exercises of power, yet who will be powerless to do anything about it.

Taif, which has produced Hrawi, provides no realistic mechanism whatsoever to cause the removal of the Syrians or the Israelis, or even to cause the demobilization of the

militias which feed off of the foreign occupation. It does nothing to end the drug trade which sustains all of the vested private interests in Lebanon. If the money generated by this trade is not dried up by eradication of the opium fields, those who feed off of this money will not give up their claims to Lebanon regardless of your plans or programs. When the U.S. government covers for Syrian drug activity in the Bekaa; when it fails to prosecute those who traffic from the Bekaa; when it makes light of the traffic, by claiming that most of the drugs go to Europe anyway, as you yourself have done, then we are telling the Syrians, in substantive terms, that we do not intend for them to leave Lebanon regardless of our protestations to the contrary in "processes" such as Taif.

Michel Aoun, Mr. Ambassador, represents the last obstacle, the removal of which will make of Lebanon a partitioned land ready to be used as a bargaining chip in the hard negotiations to come to resolve the Israeli/Palestinian conflict. Syria has assured itself, that this conflict will not be resolved without receiving some benefit. Assad's people hold our American hostages and his regime threatens Israel with Ahmed Jabril and other terrorists to insure that they will keep the attention of the U.S. and to insure that Arafat's promise of no more terrorism carries a hollow ring in Israel. All of these actions are taken to insure that Assad will be cut in when the final Israeli/Palestinian deal is made.

It was not lost on Assad that Sadat won a $2 billion/year settlement with the USG as his price to sign the Camp David Accords. The Israeli's likewise received financial concessions from the USG to sign the treaty in 1979. Assad is, I am sure, demanding a monetary price for his entry into the negotiations and will demand a price for his name on the treaty. The U.S. deficit now will not permit the type of cash settlements that induced the 1979 parties to agree. Something else must be given. Saudi money goes only so far. With the Bekaa, Syria can realize upwards to $2 billion annually from the drug trade. The Israelis desperately need water for their West Bank Settlements. Water is becoming even more a precious resourse than oil in the region. Lebanon is blessed with excellent water resources with rivers that rise and enter the sea totally within her internationally recognized borders. The Israelis currently have benefit of access to the Litani. What can be offered them to withdraw from Southern Lebanon, then negotiate with the Lebanese government to receive that which they currently enjoy at no political price?

Is not this scenario, Mr. Ambassador? It is much less complicated to pursue Taif and to install a Hrawi in Baabda as the prelude to an Israeli settlement than to work for Lebanese freedom and independence. By implementing Taif there will be no further complications to the Syrians obtaining access to the poppy fields of the Bekaa. They are already there, and with Hrawi, their presence will be made legal. What could be better! As for the Israelis, they can continue to claim that with a weak government in Beirut and the Syrians still in the Bekaa, they must remain in the

South, nominally to defend themselves, but actually to suck the water from the Litani. The Lebanese will have to be satisfied with jamming themselves into the "enclave". The LF have indicated that if forced to, they would accept this fate and for this, they have won the favor of this Administration.

Looking at the facts, Mr. Ambassador, we see this future for Lebanon being pursued by the State Department. Lebanon must remain prostrate and divided for this to occur and full implementation of Taif will do just that. It is a 90% probable outcome of Taif. The 10% chance that it will fail are named Michel Aoun and his supporters, the Lebanese people. Both are ignored by the implementors of U.S. Policy, or else, are written off as a violent maniac who is leading a misguided people.

It is not a misguided people who want to be free, and it is not a maniac who wants his country to be independent. If this administration thinks it so, then God help us all.

Sincerely,

Joseph L. Boohaker

October 3, 1990

AMERICAN-LEBANESE PROTESTING THE OCTOBER MASSACRE

People of Lebanese descent the world over will join together in a candlelight vigil to protest the inhumane massacre of innocent civilians in Lebanon by the Syrian imposed Hrawi regime and their Lebanese Forces militia allies. The vigil will be held on Thursday, October 4, 1990 from 5:00 P.M. through the evening.

The protest is being held to condemn the killing of 35 people who were holding a similar candlelight service in Lebanon to pray for the end of a complete blockade of food, medicine and fuel to the liberated areas of the country. Lebanese Forces militiamen and units of the Hrawi/Hoss government opened fire with automatic weapons and rocket propelled grenades as the marchers approached, killing the men, women, and children demonstrators instantly.

American Lebanese are joining their fellow Lebanese in countries around the world, including France and Canada, to cry out against this butchery. Simultaneous protests are planned at the United Nations in New York City and at the White House in Washington, D.C.

October 2, 1990

LEBANON'S TIANANMEN SQUARE MASSACRE

When Chinese dissidents demonstrated in Tiananmen Square asking for democracy and freedom all the world shared their aspirations. And when the Chinese government responded to the demonstrations with brutal force, the U.S. led the world in condemning China and imposing severe sanctions on a repressive regime. Yesterday, dozens of innocent civilians were killed and injured in a brutal massacre in Lebanon but the event went barely noticed or condemned. The news agency Reuters and CNN reported on the peaceful candlelight vigil that turned into a bloody massacre at the hands of the armed bands and militias under the command of the illegitimate Hrawi "government".

It should be clear in everybody's mind by now that this "government" imposed by Syria and backed by the U.S. administration does not represent the Lebanese people and only serves the purposes of foreign occupiers. The people of Lebanon have repeatedly rejected the Syrian brokered "Taef" agreement" which the U.S. administration accepts as the only solution to Lebanon's problems and have risked their lives doing so. What more proof does the world need in order to realize that the only solution involves the removal of all foreign occupiers and the regime that they have forced on the Lebanese people?

The Council of Lebanese American Organizations repeats its calls on the U.S. administration to withdraw its approval of the "Taef agreement" and the government it spawed. The only guiding factor for U.S. policy in Lebanon should be the will of the Lebanese people to live freely in their land. Failing so, the massacre of innocent people is certain to continue unabated.

Text of the "Treaty of Brotherly Co-ordination and Co-operation between Lebanon and Syria", signed in Damascus on Wednesday May 22 1991, by the Syrian leader Hafez al-Assad, and his proxy in Lebanon, Elias Hrawi.
(Text translated from the Arabic original, and a text published by AL-HAYAT, the London-based Lebanese newspaper)

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THE REPUBLIC OF LEBANON AND THE ARAB REPUBLIC OF SYRIA, founded on distinguished brotherly ties whose strength is derived from the roots of kinship, history, common identity and destiny. Believing on both sides that the realization of the widest possible scope of co-operation and co-ordination serves their brotherly interests, provides the means to secure their development and progress; protects their local and national security; enables them to deal with all regional and international developments and satisfies the aspirations of their people.

In accordance with the Lebanese National Pact ratified by the Lebanese Parliament on November 5 1989,

HAVE AGREED UPON THE FOLLOWING:

ARTICLE 1
The two states will work together to attain the highest degree of co-operation and co-ordination in all areas--political, economic, security, cultural, scientific --with a view to fulfilling the interests of both brotherly countries in the framework of the sovereignty and independence of each of them.

ARTICLE II
The two states will work together towards the realization of co-operation and co-ordination on all fields--economic, agricultural, industrial, commercial, transportation, communication and trade, working in a way to establish common projects and co-ordinate development plans;

ARTICLE III
The interconnection of the security of the two countries stipulates that Lebanon does not become a source of threat to Syria's security, and Syria does not become a source of threat to Lebanon's security. Therefore, Lebanon shall not permit herself to be a route or a base to any force, state or organization which aims at its security or the security of Syria and it stipulates that Syria-- concerned about Lebanon's security, independence, unity, and reconciliation among its people-- shall not permit any activity which threatens the security, independence and sovereignty of Lebanon.

ARTICLE IV
Upon the constitutional ratification of political reforms in accordance with the National Lebanese Pact, and the expiration of deadlines set by the pact, the government of Syria and Lebanon will decide on the redeployment of Syrian Forces in the Bekaa and the entrance of Western Bekaa stretching from Dahr-el-Baidar to the line of Hammana Hdeirej-AinDara, and if necessary in other points to be designated by a joint Lebanese-Syrian Military Commission. The two governments shall also reach an agreement in which the size and length of time of the presence of Syrian Forces in the aforementioned areas will be determined, as well as the relationship between these forces and the Lebanese authorities in these areas of deployment.

ARTICLE V:
The foreign policy of both states on the Arab and international levels shall uphold the following principles:

1. Syria and Lebanon are two Arab countries, committed to the covenant of the League of Arab States and the Joint Arab Defense and Economic Co-operation Treaty as well as all other treaties ratified in the framework of the League.

They are also two members of the United Nations and committed to its charter, as well as two members of the Non-Aligned Movement.

2. Unity of destiny and common interests prevailing between the two countries.

3. The reciprocity of assistance on issues relating to their respective security and national interests as stated in this treaty.

Therefore, the governments of the two countries shall work towards co-ordinating their Arab and international policies and achieving the widest co-operation in those Arab and international organizations, and co-ordinating their positions on various regional and international issues

ARTICLE VI
The following institutions shall be established to realize the aims of this treaty. Other institutions could be established by a decision of the Higher Council--

1. THE HIGHER COUNCIL
a) The Higher Council consists of the presidents of the two Republics in the two contractual states, the presidents of the Chambers of Deputies, the Presidents of the Ministries and the Vice President of the Council of Ministers of the contracting states.

b) The Higher Council meets once a year and when necessary in a place to be agreed upon

c) The Higher Council determines the general policy of co-ordination and co-operation between the two countries in the political, economic, security, military and other areas, it supervises the execution of this policy and adopts the plans and decisions taken by the Executive Board, the Foreign Affairs Commission and the Economic and Social Commission, Defense and Security Affairs Commission, as well as those of any other commissions established thereafter, provided that constitutional norms are observed in all cases.

d) The decisions of the Higher Council shall become mandatory and in force in the framework of constitutional norms and regulations in the two countries, except where the execution of those decisions requires adoption by the Executive or the Legislative authorities in both countries in accordance with their constitutional procedures

e) The Higher Council identifies the areas in which the specialized commissions may take decisions of an executive nature in the framework of constitutional norms and regulations and these will come into force immediately except where their implementation requires the approval of the legislative or the executive authorities in accordance with the constitutional systems in each country.

2) THE EXECUTIVE COMMITTEE

The Executive Committee consists of the two Prime Ministers of the two countries, and a number of Ministers concerned with the relations among them. It performs the following tasks:

a) Supervision of decisions, implementation and submission of progress reports to the Higher Council

b) Co-ordination of the recommendations and the decisions of the specialized commissions and submission of recommendations to the Higher Council

c) Convening meetings with the specialized commissions as necessary

d) The Executive Board meets once every six months and when necessary in a place to be agreed upon.

3) THE FOREIGN AFFAIRS COMMISSION

a) The Foreign Affairs Commission consists of the two Foreign Affairs Ministers in the two countries

b) The Foreign Affairs Commission meets every two months to co-ordinate the foreign policies of the two states in their relations with all other states. It also co-ordinates the activities and positions of the two states in Arab and international organizations and prepares, for this purpose, plans to be submitted to the Higher Council.

4) THE ECONOMIC AND SOCIAL AFFAIRS COMMISSION

a) The Economic and Social Affairs Commission consists of the respective Ministers in the two countries dealing with economic and social sectors

b) The Commission meets once every two months and as necessary in the two countries on a rotation basis

c) The Commission mandate consists of economic and social co-ordination for the two states and the preparation of recommendations for this purpose.

d) The recommendations of this commission become decisions after they are adopted by the Higher Council in observance with the constitutional norms in each country

5) THE DEFENSE AND SECURITY COMMISSION

a) This commission consists of the Ministers of Defense and Interior of both states

b) The commission's mandate is the study of the means to preserve the security of the two states and the recommendations of any joint measures to confront any aggression or threat to their national security or any disturbances that infringe upon the internal security of these two states

c) All plans, recommendations and measures prepared by this commission shall be submitted to the Higher Council for adoption in accordance with the constitutional norms of the two countries

6. THE GENERAL SECRETARIAT

a) The General Secretariat is instituted to pursue the application of the items enclosed in the present treaty.

b) The General Secretariat is presided over by the Secretary-General, nominated by the High Council

c) The site, size, jurisdiction and budget of the General Secretariat is defined by the decision of the High Council

FINAL PROVISIONS:

1) Special agreements shall be conducted between the two countries in the areas to be covered by this treaty, such as economic, security, defense and other areas in accordance with the constitutional norms of the two countries, and shall be considered part of this treaty

2) This treaty shall become in force upon ratification by the respective authorities in accordance with the constitutional regulations of the two contracting states

3) Both states shall anull all laws and regulations that run contrary with this treaty in a manner that does not contradict the provisions of the constitutions in both countries

CLAO POSITION PAPER REGARDING THE LEBANESE SITUATION

This document explains the policy of the Council of Lebanese American Organizations (CLAO) concerning the situation in Lebanon. It has four sections: the Taef agreement, U.S./Syrian complicity in Lebanon, a summary of the issues and CLAO's suggested solutions. The intent of this paper is to explain the reasons for CLAO's position opposing the Taef accord as it now exists and to propose a basis for meaningful discussions concerning Lebanon so that a fair and just solution to the current Lebanese crisis can be found. The formula put forward by CLAO is intended to restore independence, freedom, and democracy to Lebanon.

THE TAEF AGREEMENT

BACKGROUND

The last elections held for the Lebanese Parliament were in 1972. The deputies have extended their own terms of office repeatedly since then. Sixty two of the 66 surviving members of Lebanon's 99-seat parliament held an opening session on September 30, 1989, in Taef, Saudi Arabia to discuss Lebanese reform and Syria's role in Lebanon. The meeting in Taef was organized by an Arab League committee representing the Saudi Arabian, Algerian and Moroccan heads of state.

An document called the Taef Agreement was drafted and accepted by the Lebanese deputies present in Saudi Arabia.

When Taef was signed, 85% of Lebanon's territory was under foreign occupation or outside the authority of the Lebanese government. Moreover, the Parliamentarians who signed the Taef agreement returned from Saudi Arabia to live in areas under Syrian control or outside of Lebanon.

It is clear that the Lebanese people did not have the opportunity to freely express their opinions. The Taef agreement was not presented to the Lebanese public and was not (and has never) been submitted for referendum to the citizens of Lebanon.

REACTION BY THE LEBANESE PEOPLE

In a press conference, Lebanon's Prime Minister General Michel Aoun addressed the nation saying: "I am facing a critical decision that I will not take unless the people decide. My decision depends on you. If you agree [to oppose Taef], I will continue to lead ... If you do not agree, I will resign."

In response to Prime Minister Aoun's appeal, a quarter of a million Lebanese marched to the Presidential Palace in Baabda in support of the legal, legitimate, and constitutional government of Prime Minister General Michel Aoun and his Cabinet and in opposition to the Taef Accord.

Despite public opposition, the Accord was forced militarily on the Lebanese population through the unconstitutional and illegal "election" of a "president" in November 1989 and through the Syrian military invasion of the Free Area and the overthrow of Lebanon's constitutional and legal government led by Prime Minister Aoun in October 1990.

It is clear that Taef is currently being enforced against the will of the Lebanese whose voice has been silenced, for the moment, by Syria's tanks and air force.

CLAO'S POSITION

CLAO remains steadfastly opposed to the Taef Accord in its present form. The Council's position is related to the following three sections:

1) The Lebanese internal reforms,
2) The disbanding of militias, and

Section I : THE LEBANESE INTERNAL REFORMS

No one doubts the need for political reform in Lebanon. However, the "reforms" outlined in Taef are not reform but rather self serving agendas imposed by outsiders without regard for the views of the governed.

First, the Taef agreement calls for the appointment of Parliament members. This contradicts the democratic process decreed by the Lebanese constitution whereby Parliament members must only be elected by the Lebanese people. Taef does not present to the Lebanese the opportunity to elect their representatives.

Second, political reform should not be entrusted to a small group driven by selfish interests, as the case in Taef. Rather, it must be entrusted to the people who alone are the source of power in a democracy. For political reform to be meaningful and constructive, it has to be conducted AFTER the people's ability to choose is guaranteed.

Taef was proposed by NON-LEBANESE to 62 out of 99 Lebanese parliament members whose terms, as has already been noted, had expired in 1976. The accord was essentially dictated by the hegemonic Syrian regime. Moreover, the President and the Executive Branch of the Lebanese Republic were not present during the Taef discussions, in accordance with the Lebanese constitution.

Finally, THE TAEF DEBATES FOR POLITICAL REFORMS WERE NOT DONE PUBLICLY AS SPECIFIED IN THE LEBANESE CONSTITUTION AND IN ACCORDANCE WITH THE DEMOCRATIC SYSTEM THAT LEBANON IS BASED ON.

The Lebanese Constitution, prior to the imposed Taef Accord, is the legal document defining the system of government that the Lebanese people have accepted. The Taef accord is illegal and will remain so until the Lebanese people are given the opportunity to vote and decide on the type of reform they seek.

Section II: THE DISBANDING OF MILITIAS

The one part which the Lebanese people agree on in the Taef Accord is the disbanding of the militias - most of whom are being supported militarily, politically and economically by non-Lebanese parties.

Much of the inter-Lebanese conflicts are directly encouraged by those non-Lebanese parties. They frequently switch sides and support opposing militias in order to preserve the state of instability in Lebanon. Often, they support both at the same time. This continuous pattern of destabilization allows occupiers to maintain the facade of necessary presence.

Since the war began in 1975, foreign and militia forces have used the presence of other foreign and militia forces as a pretext for their own continuing presence in Lebanon. The existence of other groups has been the basis for the continuing rejection of calls to disband or to disarm.

The recent token disbanding of some of the militias fosters the misconception that the Taef-Hrawi "government" is in control. However, since Syria dictates virtually all of the actions of the Taef-imposed "government", there is no doubt who ordered the realignment of militias. These circumstances plant the seeds for future conflicts and re-emergence of the militias. This planned destabilization is being used to justify Syria's continued occupation and, by a warped sense of equality, the continued presence of other foreign forces. The vicious circle therefore remains as strong as ever, just with different players. All militias are tools of destruction in the hands of foreign forces who have no regard for Lebanese interests.

Therefore, it is a matter of deep concern for CLAO as to the way in which the Taef accord proposes disbanding the milities. According to the accord, the Lebanese Taef "government" seeks Syrian assistance to disband the militias. This action gives Hafez El Assad another avenue of control over a supposedly free and sovereign nation.

It is CLAO's position that the Lebanese Army, by order of the Constitutional government, must enforce the disbanding of the militias and the removal of all outside forces with the assistance of the United Nations Peacekeeping Forces and observers.

Section III: THE LEBANESE-SYRIAN RELATIONS

To clearly understand the "special relations between Lebanon and Syria" as stated in the Taef accord, it is beneficial to analyze each Taef article related to this subject.

LEBANESE SOVEREIGNTY

Taef states:

> "Lebanon, a country of Arab affiliation and identity, is tied to all Arab States with true fraternal relations; and there exist between Lebanon and Syria distinguished relationships which draw their strength from the roots of kinship, history and common fraternal interests which is the concept on which the coordination and cooperation between both countries are founded and will be manifested in agreements between them, in various domains, and in the manner which serves the interests of both countries within the framework of sovereignty and independence of each of them."

This statement embodies one of the dangerous purposes of Taef: it replaces the accepted diplomatic relationship between nations with an ambiguous relationship whose true meaning is dependent on political interpretation. In turn, this interpretation is dependent on the balance of political and military strength of the countries involved.

Syria's military, political and diplomatic domination over Lebanon clearly does not allow for Lebanon to have any meaningful representation in this proposed "relationship", a fact that has been borne out by the events of the last several years.

Moreover, the statement infers that Lebanon would align itself with Syria in matters which are regionally of strategic importance to Syria but not necessarily to Lebanon. The accord obliges Lebanon to agreements that "serves the interests of both countries." Lebanon's independence is breached in this accord by allowing the decision-making process in Lebanon to come under the influence and direction of the Syrian government, a situation unacceptable to the majority of Lebanese, illegal under international law and rejected, at least publicly, by the United Nations, the U.S. and other Western powers.

The complete domination of Lebanon has been implemented in the tenets of the "Treaty of Brotherly Coordination and Cooperation" signed May 22, 1991 in Damascus by the Syrian dictator Hafez El Assad and his Lebanese proxy Elias Hrawi. Syria now controls all aspects of Lebanese society, including military, political, economic and foreign policy.

SYRIAN FORCES IN LEBANON

Under the section of "Reinstating the Sovereignty of the Lebanese State", it is stated that "the Syrian Forces shall .. assist the legitimate Lebanese forces to reinstate the sovereignty of the Lebanese State in a definite time period of a maximum of two years STARTING AFTER the ratification of the National Reconciliation Charter, the election of the President, the formation of the Government of National Reconciliation, and the adoption of political reform in a constitutional manner, at the end of this period both governments ... will decide on the repositioning of the Syrian forces .."

The "repositioning" of the Syrian troops - supposedly - after two years raises several questions: What if Syria refuses to "reposition" its troops after two years? Or, what if Syria was capable of influencing the Lebanese government within the two-year period not to request a Syrian withdrawal?

It must be noted that Syria already controls Lebanon. Lebanese officials meet in Syria more than in Lebanon. Syrian officials closely "supervise" the functioning of both internal and external Lebanese affairs. One has to ask: How can a puppet regime request the withdrawal of its puppeteer?

Who will decide the extent and the time of such "repositioning?" As the Taef Accord exists today, the Lebanese will not have the final say in such a decision. The use of Syria's forces on Lebanese territory raises the question of Syria's influence over future Lebanese security measures to such an extent that it is inconceivable that the Lebanese government

will be able to actually protect the interests of its people and the integrity of national independence.

The unspecified period of Syria's presence in Lebanon is yet another danger of the Taef accord in that it "legalizes" the presence of Syrian troops in Lebanon. The Taef agreement states that "Lebanon is a sovereign, free, and independent country." However, under the terms of Taef, Syria becomes "officially" a hegemonic figure over all the branches of the Lebanese government. This makes the Lebanese institutions an extension of Syria's violates Lebanon's sovereign independence.

Syria's influence is clearly reflected by the enforcement of its will on the current Taef "government." These enforcements are being portrayed as "legal requests" from the "Lebanese government." The best example would be the "legal" request made by Mr. Hrawi to Syria to overthrow the Constitutional Government of Lebanon. This facade of legitimacy cannot be allowed to remain. The aforementioned "Treaty of Coordination" signed May 22, 1991 is only the latest charade.

EDUCATION AND THE FUTURE

Taef demands that the educational system be "rehabilitated", including an objective to "strengthen State control over private schools and the school textbook."

Due to its control of the Taef "government" and the implementation of the Taef Accord, Syria is "rehabilitating" the Lebanese educational system by "Syrianizing" it. "Strengthening State control over school textbooks" is in actuality making changes which would annihilate the Lebanese cultural heritage. Examples of these changes include pictures of Syria's Assad in Lebanese textbooks and geographical maps that exclude the Lebanese boundaries with Syria. The parallels to authoritarian governments throughout history is clear.

CLAO insists that Syria's control of the educational, political, and cultural systems in Lebanon is a direct threat to Lebanon's independence and heritage. This is an unacceptable situation and cannot be allowed to be implemented. The future of an entire people is at stake and the attempt of a dictator to suppress free speech and rewrite history will fail, just as authoritarian governments in other places have failed.

(Attachment ___)

US/ SYRIAN COMPLICITY REGARDING LEBANON

On September 14, 1990, U.S. Secretary of State James Baker visited Damascus and met with Syria's dictator Hafez El Assad. In return for supporting the coalition forces against Iraq and for committing 20,000 of his troops to Operation Desert Shield (soon to become Operation Desert Storm), Syria's Assad was given a green light to complete his dominion over Lebanon.

During that time, the Lebanese-Americans asked officials at the U.S. State Department and the National Security Council about their position regarding an invasion by the Syrian army into the free area controlled by Prime Minister Aoun. These officials replied that it was up to the "Lebanese Government" (Taef government) to decide if it needed Syrian help and that the U.S. would respect that "government's wishes."

Knowing the U.S. attitude, Assad encouraged the puppet "government" of Elias Hrawi to formally request military intervention to overthrow Prime Minister Michel Aoun and his Cabinet to "spread the authority of the Lebanese government (sic)." The true purpose was to extend Syria's control over Lebanese territory.

On October 13, 1990 and under the pretext of "implementing" the imposed Taef Accord, the Syrian air force and 30,000 Syrian troops invaded what was the only free and unoccupied area of Lebanon - the stronghold of the

Constitutional, legal, and legitimate government led by Prime Minister Aoun.

The mobilization of the Syrian Air Force obligated Prime Minister Aoun to reevaluate his response to the Syrian attack. The minimization of casualties now had to become his first priority. Therefore, Aoun was forced to order the Lebanese Army under his command to take orders from General Lahoud, who has been appointed as erstwhile commander of the Many Lebanese Army soldiers under the command of the constitutional government, along with many of Lebanese civilians living in the free area, were massacred and abused by Assad's invading forces. Western reporters have listed many atrocities which are well documented by international human rights organizations, although denied or downplayed by the United States government. It is a documented fact that after surrendering, Lebanese army officers were shot in the foreheads while their hands were tied behind their backs. This type of savagery is a clear violation of the Geneva conventions regarding the treatment of prisoners of war.

(see Appendix ___).

Prime Minister Aoun and his cabinet members took refuge in the French Embassy in Beirut. By doing so, they not only survived the assault but maintained the legal government of Lebanon. Neither the Taef regime nor the Syrians were able to get Aoun to relinquish his constitutional authority or the legality of his Cabinet.

This refusal to surrender to the imposed "government" of Taef and the continued presence of the constitutional Government in the French Embassy in Beirut continues to give hope to many Lebanese who believe that Aoun's return to power is their only hope to regain freedom, justice, and liberty.

Meanwhile, the United States continues to sponsor Syria's conquest of the Lebanese people by supporting not only Taef but de facto Syrian annexation of Lebanon (May 22 treaty).

THE PEOPLE OF LEBANON

The Lebanese have suffered terribly during 16 years of conflict. Over 180,000 people are dead, over 350,000 wounded and over a million have been forcibly displaced. When these numbers are compared to a total population of 3.5 million, the toll is devastating.

It is no surprise that the people in Lebanon want to be relieved from being shelled and bombarded and to begin rebuilding their homes and sending their children back to school. They would be grateful for the return of some normalcy in their lives. But neither they nor we believe that the lack of shelling equals peace or that the appointment of new parliamentarians equals democracy.

Lootings, car thefts, kidnappings, and various atrocities go unnoticed due to Syrian censorship on the media. The attempt of a increasing number of Lebanese seeking to emigrate from their country rebuffs all arguments by the State Department and the Syrian-controlled Hrawi "government" about the return of normalcy to Lebanon.

When the freedoms to think and express oneself, to write and publish without censorship, to move about freely within one's own country, to decide on one's political system, to choose one's government representatives are limited, taken away or diluted, then the very fabric of a free, independent sovereign nation is destroyed.

The Lebanese people are not anti-anyone. They are pro-survival. They have suffered for too long under foreign occupation armies, militias and other forces who do not belong in Lebanon. The vast majority of the Lebanese do not belong to any militia. The are ordinary people who want to earn a living, raise a family and live in peace.

In truth, the Lebanese people are more than pro-survival, they are pro-democracy, pro-freedom, and pro-independence. Americans and

American leaders should understand these values and be leading the cry against the abuse of basic human rights that Syria is performing in Lebanon.

SUMMARY OF THE MAIN ISSUES

What are the root causes of the Lebanese problem? CLAO believes that they are relatively clear:

1) The only constitutional and legal government in Lebanon, the one led by Prime Minister General Michel Aoun, is not in its rightful place as an Interim-Cabinet and is unable to fulfill its constitutional duties.

2) The Taef-Hrawi "government" now in power in Lebanon was imposed by military force. It owes its power to the Syrian Air Force and the Syrian troops which overthrew the legal government led by Prime Minister Aoun.

3) The military confrontations that have occurred in Lebanon since the signing of the Taef Accord and Syria's control over Lebanese internal affairs are a direct result of the Agreement itself.

4) The Lebanese people are not free to exercise their Constitutional rights, i.e. free speech, free political expression, the right to vote, etc.

Must finding a just solution for Lebanon cause the Lebanese people so much suffering? Is it as complex as some would have us believe?

The Council of Lebanese American Organizations believes that the Lebanese dilemna can be solved if world governments have the political will to work with the Lebanese people and the Constitutional government.

Therefore, the Council of Lebanese American Organizations presents the following steps needed to bring about a fair and just solution to the Lebanese problem.

1. Reinstate the Constitutional and legal government in Lebanon, currently led by Prime Minister Aoun and his duly appointed Cabinet, to its rightful place as the Interim Cabinet to fulfill their Constitutional duties. The Taef accord, the resulting government of Hrawi and any treaties (such as the May 22 treaty) are null and void.

2. Recognizing that Syria is the major occupier of Lebanon both in the size of its Army as well as the size of territory (80%), the complete and unconditional withdrawal of all Syrian forces from Lebanon must occur. In order to insure the sovereignty, territorial integrity and independence of Lebanon within its internationally recognized boundaries and to spread the authority of the legitimate Lebanese Army to those areas previously controlled by foreign forces, the supervision of United Nations Forces is needed.

3. Implement U.N. Resolution 425 (demanding the withdrawal of all Israeli and relevant forces from the south of Lebanon) and all other relevant U.N. resolutions and international recommendations requesting the withdrawal of all foreign forces.

4. Disband all militias and spread the authority of the Lebanese army over areas previously controlled by the militias. This needs to be done under the supervision of United Nations Peacekeeping Forces and observers.

5. Restore the freedom of speech and self determination, the freedom to write and publish, a non censored media, and the right to campaign for a public office in preparation for a free election to take place within six to twelve months AFTER the implementation of steps 1, 2, 3 & 4 listed above.

6. Ensure free and fair elections by having the U.N. supervise the campsign and election process of the Lebanese Parliament members according to the Lebanese Constitution drafted prior to the imposed changes listed in the Taef Accord.

   All Lebanese citizens must be given the opportunity to express their political views openly. This would restore to the Lebanese a genuine democracy free from any outside interference.

   Parliamentarian elections must be followed immediately by the election of a new President and the creation of a new Cabinet.

7. The new Cabinet will initiate a proposal for political reform through the Constitutional process. When accepted, the government would submit the proposal to the people for public debate and a referendum vote.

8. Release all Lebanese prisoners detained in Syrian jails and those held by the various militias in Lebanon.

The Council of Lebanese American Organizations is convinced that if these proposed solutions are incorporated into the decision making process, world governments will be able to assist Lebanon to regain its strength so that Lebanon can rejoin the world community as a fully functioning member.

The Lebanese seek peace, freedom, democracy, and stability for their country. CLAO is working hard to help the Lebanese people achieve these goals. Unless world governments take the initiative today, Lebanon will continue to splinter and disintegrate and stability will continue to elude the entire region of the Middle East.

PROLOGUE

The Council of Lebanese American Organizations (CLAO) is a federation of organizations throughout the United States concerned about the Lebanon of today and the Lebanon of the future. The Council was formed in July of 1989 and has continued to grow because of CLAO's clear and consistent position regarding Lebanon.

The constituency of each member group of the Council has its own unique contacts within the Lebanese American community and within Lebanon itself. This multi-leveled network allows CLAO to blend a variety of opinions and experiences when it considers important issues such as the ones addressed here.

Because of CLAO's broad organizational/membership base, which cuts across all socio-economic levels, CLAO's information pool is much more expansive than other organizations concerned about Lebanon.

CLAO understands that the ongoing conflict in and around Lebanon is complex, confusing and even wearying to many. However, using that small country to fight the battles of others further victimizes an already exhausted and depleted population. The purpose of the Council's analysis is to inform policy makers and interested citizens in world capitals about the concerns, facts and alternatives seen by the many Lebanese who are voiceless as the fate of their lives and country are being decided without them.

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Walid and Frances MOURANI
Wednesday May 8 1991

STATEMENT OF KHALIL E. JAHSHAN, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF ARAB AMERICANS

The National Association of Arab Americans (NAAA) is pleased to present testimony before this distinguished panel on the Middle East portion of the Administration's Fiscal Year 1992 foreign aid request. As the principal lobbying organization of the Arab-American community, NAAA

seeks to promote the closest possible relations between the United States and the Arab countries. At the same time, we are deeply concerned that American foreign aid tax dollars to the Middle East are spent in the most effective and productive way possible.

This year, relations between the United States and its Arab allies are closer than ever before. The leading role that the United States played in the liberation of Kuwait from Iraqi occupation has increased the good will and prestige of the United States in substantial portions of the Middle East.

As the Gulf war has vividly demonstrated, regional stability and the security of the Arab allies of the United States are vital components of the U.S. national interest. The close cooperation between the United States and its Arab allies in the Gulf crisis has reaffirmed the benefits that accrue from maintaining substantive economic and military relations with America's Arab friends in the Middle East. The outcome of the Gulf crisis was facilitated by the strong political cooperation and security assistance relationship that had been developed over the past several decades between the United States and various Arab countries of the Gulf.

At the same time, the United States must strive to ensure that the good will gained by the United States as a result of American and coalition actions in the Gulf is not dissipated by inaction in the war's aftermath. One of the biggest challenges to the United States and the world community at the present time is to achieve a stable postwar Gulf region. To that end, the reconstruction and revitalization of Kuwait and Iraq and the reemergence of both as vital members of the Gulf community must be encouraged.

The disintegration of Iraq in the postwar era would only create a destabilizing power vacuum in the region and is not in the U.S. national interest. The United States and the world community should continue to work actively to ensure not only that the territorial integrity of Iraq is preserved, but that the well-being of all Iraqi ethnic and religious groups is safeguarded. The surest way of losing the peace is through inaction, and the displacement and slaughter of Iraqi citizens should be no more tolerated than the torture and atrocities that were committed against Kuwaitis during the Iraqi occupation.

But the war in the Gulf has wider implications for stability in the region. It has clearly and inescapably demonstrated that protracted conflicts in the Middle East, including the Israeli-Palestinian conflict, must be addressed promptly and solved expeditiously if peace and stability in the region are to be achieved. During the postwar period, the full attention of the U.S. government must continue to be devoted toward establishing a viable and comprehensive peace process that will equitably balance Israel's legitimate security needs with Palestinian national rights. We hope that Secretary of State James Baker's efforts to launch a peace process will be continued until all possible avenues for success have been exhausted. Achieving this result will require a true measure of compromise on all sides. Any formula that seeks to address one side to the exclusion of the other is doomed to fail.

The President's FY 1992 Foreign Aid Requests

As in past years, the requests for foreign assistance submitted by the Administration are the culmination of a long process during which the pressing economic and military needs of prospective recipient countries are filtered through the domestic political realities and budgetary constraints facing the United States. This process results in the paring of programs for some countries to the bone even before they are presented to the Congress, while requests for other countries known to be favored by Congress remain bloated.

The Gulf war and the current situation in the Middle East region will have a profound effect on congressional review of the FY 1992 foreign aid request. There will be a natural temptation to use the foreign assistance package to reward or punish individual countries for their policies during the Gulf crisis. That temptation should be resisted. While the political positions of aid recipients are certainly legitimate factors to be considered in determining the distribution of scarce foreign aid dollars, wider U.S. national security interests may, in some instances, require Congress to rise above strictly political considerations and allocate aid on the basis of need and other long-term considerations.

It is instructive to note at the outset the wide disparity in U.S. aid per capita for the various countries of the Middle East and North Africa under the Administration's FY 1992 foreign assistance requests. As usual, Israel, with the highest per capita GNP of all, also receives the highest per capita amount in U.S. foreign assistance — $681 for every Israeli, compared with $43 per Egyptian, $17 per Jordanian, $5 for every Lebanese, and $3 for every Moroccan. From the chart below, it can be seen that Israel receives more than 15 times as much aid per capita as Egypt and over 40 times as much per capita as any other aid recipient in the Middle East. We urge this Subcommittee to consider carefully whether such an imbalance can be justified indefinitely.

Table 1

TOTAL AND PER CAPITA AID FOR MIDDLE EASTERN AND NORTH AFRICAN COUNTRIES

NATION	POPULATION 1990 (in thousands)	PER CAPITA GNP (dollars)	US AID REQUEST FY 1992 TOTAL (millions)	US AID FY 1992 PER CAPITA (dollars)
EGYPT	53,212	640	2,267	43
ISRAEL	4,371	8,650	3.000	81
JORDAN	3,737	1,185	57	17
LEBANON	3,339	N/A	17	5
MAURITANIA	1,935	440	3	2
MOROCCO	25,630	830	113	4
OMAN	1,481	5,070	20	13
TUNISIA	8,104	1,230	24	3
WEST BANK/GAZA	1,650	1,000	14	8

Source: A.I.D. Congressional Presentation Document, FY 1992, Main Volumes and summary pages; also the Department of State Congressional Presentation for Security Assistance Programs, FY 1992. All aid is rounded to the nearest million; population figures are rounded to the nearest thousand; and per capita aid figures are rounded to the nearest dollar.

U.S. economic aid to Arab countries has declined from approximately $1.4 billion in FY 1989 to $1.1 billion in the Administration's FY 1992 foreign aid request. Inflation has caused the value of this aid in real dollars to decline even more rapidly. Since three-fourths of U.S. economic aid to the Arab world is provided to Egypt, the decline in such aid to Arab countries is even more dramatic when Egypt's aid is excluded.

Economic aid to Arab countries excluding Egypt dropped from $325 million in FY 1989 to the $157 million requested by the Administration for FY 1992. Adjusted for inflation, the value of the Administration's request for Arab countries would be only $141 million in 1989 dollars, assuming a 3 percent inflation rate over the next year.

Our specific recommendations concerning the Bush Administration's FY 1992 foreign aid requests for Lebanon, the West Bank and Gaza, Jordan, Morocco, Tunisia, Oman, Egypt, and Israel are given below. In addition, and for the record, NAAA supports the Administration's aid request for Algeria, Djibouti, Mauritania, and Yemen.

Aid to Lebanon

We are hopeful that 1991 will bring a rapid improvement of political conditions in Lebanon. The efforts of the government of President Elias Hrawi, building on the foundation of the Taif Accord, to implement genuine constitutional reforms, increase popular support, protect the basic rights and liberties of all Lebanese citizens and residents, and secure the withdrawal of all foreign forces from Lebanese soil, bring hope that further progress can be made.

Lebanon's formidable economic difficulties, however, which have resulted from more than fifteen years of civil war, have been exacerbated by the Gulf crisis, which displaced tens of thousands of Lebanese citizens from Kuwait. As a result, the provision of adequate levels of U.S. aid to Lebanon is even more critical this year than in the past.

U.S. aid to Lebanon should be designed to alleviate the suffering of the Lebanese people, assist in the reconstruction of Lebanon, support the central government in extending its control over the entire country, and demonstrate U.S. concern for Lebanon's future as a democratic and free society. We support the Administration's FY 1992 request of $10.76 million in PL 480 assistance for Lebanon, and believe that it will do much to meet its urgent humanitarian needs.

We agree with the House Appropriations Subcommittee on Foreign Operations, however, that the Administration's total request does not adequately address Lebanon's pressing reconstruction needs. Failure to do so at this critical juncture could have an adverse impact on Lebanon's efforts to achieve broad and lasting national reconciliation. We urge, therefore, that in addition to the requested PL 480 assistance, this Subcommittee support the House Appropriations Foreign Operations Subcommittee's recommended aid package to Lebanon, which includes $10 million in Economic Support Funding and Development Assistance.

NAAA wholeheartedly supports the continuation of U.S. assistance, through the ASHA program, for qualified institutions in the Arab world, including the American University of Beirut. U.S. aid to AUB has for many years been one of the best long-term investments in U.S.-Arab relations and a tangible signal to the commitment of the United States to academic excellence and freedom. The American University of Beirut has for generations been a beacon of western thought and education in the Arab world, and its alumni include many of the most prominent Arab leaders and intellectuals. We commend the U.S. government for continuing to provide AUB with aid throughout Lebanon's violent ordeal, and we urge this Subcommittee to ensure that this vital assistance be continued at the same levels that it has previously enjoyed.

Aid to the West Bank and Gaza

For FY 1992, the Administration is requesting approximately $14.1 million in aid for the occupied West Bank and Gaza — down one-half million dollars from the estimated $14.6 million in the previous fiscal year. We believe this request is insufficient to achieve the quality of aid that is needed.

The severe economic strains that are still being felt as a result of the Gulf crisis, the influx of Soviet immigrants into Israel and the Occupied Territories, who are taking jobs away from Palestinians, and the continued Israeli suppression of resistance to its military occupation require a greater U.S. commitment, particularly in light of the enormous sums being given to Israel annually. We therefore urge this Subcommittee to increase aid to the West Bank and Gaza to the total of $16 million already recommended by the House Appropriations Subcommittee on Foreign Operations.

Over the years, private economic development and the Palestinian educational system have been major casualties of the military occupation.

Palestinians have been denied permission to dig new irrigation wells, discouraged in their attempts to form cooperatives, limited in their planting of trees and vegetables, constrained from selling their produce in Israel and elsewhere, and turned down — or made to wait indefinitely — when applying for licenses to start up a business project or construct a building. Palestinian education has been completely disrupted for several years, although Palestinian institutions of higher education had been harassed over much of the nearly 24-year-old Israeli occupation.

The U.S. aid program to the West Bank and Gaza has assumed even greater importance with the large increases in unemployment that have taken place with the increase in Soviet immigration and the displacement of Palestinians working in the Gulf. Israel has already curtailed by over 60 percent the number of Palestinians from the Occupied Territories who are allowed to work in Israel, and there are reports that the numbers will soon be drastically reduced further. As a result, poverty is growing rapidly in the Occupied Territories and the 1.65 million Palestinians living there are in great need of assistance. U.S. aid will continue to develop human resources, foster economic growth, expand employment, and improve health and welfare services, but only if aid levels are sufficient to enable such programs to endure.

Last year, NAAA called upon A.I.D. to place a representative on the scene for professional oversight of the West Bank and Gaza program. It was our contention that the value of that program to U.S. interests and to the Palestinians justified the permanent presence of such a representative. We note with great satisfaction that A.I.D. has announced its plans to station a representative in East Jerusalem in FY 1991 to monitor the program. It is our hope that the presence of A.I.D. in the Occupied Territories will help facilitate the humanitarian efforts of the five American and one indigenous private voluntary organizations which are primarily responsible for the implementation of the A.I.D. projects there.

ESF monies are proposed to fund projects that will improve social services, enhance production in the agricultural and manufacturing sectors, stimulate income generation, cultivate human resources, and promote conditions favorable to private enterprise. Given the desperate situation in the Occupied Territories and the pressing need to expand employment opportunities, we believe that the Administration's request should be increased to $16 million.

The small aid program funding economic and social development in the West Bank and Gaza has had perhaps the highest impact of any American aid program anywhere in the world. It is designed to stimulate private sector activity to support institutions which can serve to channel funds to private borrowers for productive uses in agriculture and industry. Even under the current unsettled conditions on the West Bank and Gaza, the grassroots projects successfully established by the American PVOs are still operational and must continue to be encouraged. The Administration's focus on aid to the occupied territories as a means to provide the essential tools for economic development of the local population is an integral part of the peace process.

Aid to Jordan

Jordan is an indispensable element in the search for peace in the Middle East and the preservation of political and economic stability in Jordan is

in the U.S. national interest. Jordan's ability to function as a central actor in the peace process depends in large part upon the willingness of the United States to help it in meeting its pressing economic problems, which have been compounded by the Gulf crisis.

Relations between Jordan and the United States have been deeply strained since the Iraqi invasion of Kuwait. Some of the positions taken by the Jordanian government during the crisis have caused the U.S. government and the American people serious concern. Nevertheless, recent moves in Congress to cut off aid to Jordan have been injudicious and destabilizing. However satisfying they may be politically, such actions are certain to be counterproductive. It is precisely because the United States has neglected Jordan's economic and military concerns over the past few years and indefinitely postponed serious efforts at solving the Arab-Israeli conflict that the U.S.-Jordanian relationship has gradually deteriorated.

The Gulf crisis had disastrous economic and political repercussions in Jordan that did not have to be borne by most other countries in the region. The kingdom had been a major trading partner with Iraq before the invasion, and the Jordanian economy was seriously undermined as Jordan enforced U.N.-imposed economic sanctions on Iraq. In doing so, Jordanian exports were seriously reduced, while oil costs increased drastically. The economy was further burdened when the kingdom opened its borders to tens of thousands of refugees fleeing devastation in Kuwait and Iraq. At the same time, large numbers of Jordanians and Palestinians working in the Gulf were displaced during the crisis, increasing unemployment in the kingdom and drastically reducing remittances from abroad.

NAAA strongly supports the Administration's request of $30 million in ESF funds for Jordan for FY 1992. We believe that this amount will be the minimum necessary for Jordan to avoid economic collapse. Jordan needs immediate assistance with its $8 billion foreign debt and balance of payments difficulties that have been exacerbated by the Gulf war.

We also support the $27 million in Foreign Military Financing and IMET assistance that has been requested for Jordan in FY 1992, although we realize that this assistance will be contingent upon reducing the strains that have complicated the U.S.-Jordanian relationship. This assistance would permit Jordan to service U.S.-made equipment presently in its inventory, upgrade other essential items, and finance small quantities of urgently needed military items. We urge this Subcommittee to recognize that Jordan's legitimate defense needs must be met if stability is to be preserved in the Kingdom and throughout the region.

Aid to Morocco

NAAA supports the Administration's FY 1992 request of $114.3 million for Morocco. We urge this Subcommittee to approve the full request.

U.S.-Moroccan friendship has been unbroken for more than 200 years, and both countries benefit from their close bilateral ties. Commanding the strategic Strait of Gibraltar, Morocco permits visits of U.S. naval vessels at its ports, grants the United States temporary access to its military bases, and provides an emergency landing site for the U.S. space

shuttle. It is also the site of an important Voice of America facility near Tangier.

Morocco has played a vibrant and positive role in the search for peace in the Middle East and sent a contingent of troops to the multinational force in Saudi Arabia during the Gulf crisis. It has also actively sought to end the fighting in Lebanon.

The Moroccan economy is heavily dependent on phosphate exports, tourism, and remittances from workers abroad, and lack of employment opportunities for a rapidly growing population causes major social and political problems. With a population of 25.6 million and a per capita GNP of only $830, Morocco needs and can effectively utilize the $12 million in ESF, $23 million in Developmental Assistance and $36.4 million in PL 480 assistance that the Administration has proposed.

At the same time, Morocco has shown itself determined to implement a program of fiscal austerity and economic adjustment under the assistance of the World Bank and the International Monetary Fund, and it has succeeded in becoming one of the most successful countries in the world in carrying out an economic stabilization program. As a result of economic structural adjustment and liberalization, including privatization of state-owned enterprises and currency devaluation, Morocco has significantly improved its economic position. Adequate U.S. aid is vital if Morocco is to sustain and expand its achievements.

Aid to Tunisia

The Administration's FY 1992 request for Tunisia of $25.26 million in foreign assistance, including $10 million in Foreign Military Financing, $3 million in ESF assistance, and $10 million in PL 480 assistance, is drastically smaller than last year's request of $59.5 million, and we believe that the reduction will have a significant and detrimental impact on the Tunisian economy. We urge this Subcommittee to appropriate the full amount requested. Any reduction in this already meager request would be disastrous.

Tunisia has been a close friend of the United States since it gained independence in 1956. During the American hostage crisis in Iran, it cast the deciding vote in the U.N. Security Council for sanctions against Iran. In the Arab League, Tunisia has consistently been a force of moderation, and it hosted the U.S. dialogue with the PLO until that dialogue was suspended in 1990. Tunisia also allows its naval facilities to be used by the U.S. Navy.

Since President Zine El-Abidine Ben Ali assumed office in November 1987, in accordance with Tunisia's constitution, the Tunisian government has continued to follow the moderate pro-West policies that have been a hallmark of Tunisian-American ties. Under its current leadership, Tunisia has undergone considerable economic and political liberalization and has moved toward a more market-oriented economy. It has, in fact, met or exceeded targets of a stringent structural adjustment program set up in conjunction with the International Monetary Fund.

These promising economic and political developments have been greatly facilitated by U.S. assistance, and the continuation of adequate amounts of U.S. aid is even more vital to ensure that progress on the ambitious

economic and political reforms that have been undertaken is not halted or reversed.

Aid to Oman

We note with approval that the Administration's FY 1992 request of $15 million in ESF aid and $5.1 million in Foreign Military Financing and IMET funding for Oman in FY 1992 is somewhat higher than the estimated $15.6 million Oman will receive in FY 1991. We urge this Subcommittee to sustain this year's request for Oman.

The United States and Oman have enjoyed a warm friendship and close ties for many years. Oman has granted the United States limited peacetime and extensive emergency access to its military facilities, enabling the United States to meet threats to its vital interests and those of its Arab friends in the Gulf. Access to those facilities provided vital support for U.S. operations in the Gulf following the Iraqi invasion of Kuwait and during the Iran-Iraq War. In 1990, the United States and Oman renewed the 1980 Access Agreement for an additional 10 years.

Commanding the southern side of the strategic Strait of Hormuz, a strong and stable Oman is critical to U.S. national interests. Gulf oil exported by sea through the Strait of Hormuz goes through shipping channels inside Omani territorial waters. The Sultanate is actively modernizing its military forces in order to contribute to regional defense as a member of the Gulf Cooperation Council, and U.S. military aid will do much to support Oman's military modernization programs to enhance its defense capabilities.

There are sound economic reasons for approving the Administration's request for Oman. While the general decline in world oil prices has reduced Oman's chief source of revenue, there remains a pressing need to develop adequate human resources and diversify the oil-based economy of the country. According to economic projections, Oman's oil resources are expected to last only another three decades, and efforts to diversify its economy and develop its commercial links with the United States will help Oman prepare for the time when its oil reserves are depleted.

Aid to Egypt

The United States and Egypt continue to maintain the close and committed relationship that had developed over the past two decades. Egypt's contribution of more than 40,000 troops to the multinational forces and the cooperation of the U.S. and Egyptian governments during the Gulf crisis has strengthened this relationship even further.

Egypt has consistently worked to nurture the Middle East peace process and promote a Palestinian-Israeli dialogue. The readiness of Egyptian officials to take risks for peace, even in the face of considerable economic difficulties at home, attests to their dedication. As diplomatic relations between Egypt and other Arab countries have been reestablished and improved, Egypt has resumed its unique and valuable role in the peace process. Egyptian leaders continue to play an important role in bridging the gulf between Israelis and Palestinians.

The total of $2.27 billion in military and economic assistance that has been requested for Egypt, a sum which includes $1.3 billion in FMF, $815 million in ESF, and $150 million in PL 480 assistance, is the same as last year's request, and is a generous commitment to Egyptian economic stability and military preparedness. While such levels of aid, both in absolute and relative terms, are considerable, we support the President's request and recommend its approval by this Subcommittee.

Egypt truly needs the aid that has been requested. Its 53.2 million people have a per capita GNP of only $640. Egypt is facing onerous economic difficulties, which were greatly exacerbated by the Gulf crisis. As many as 500,000 Egyptians were forced to return to Egypt from the Gulf since the Iraqi invasion of Kuwait. This massive influx of previously employed people will drastically increase unemployment in Egypt and cut off much-needed foreign exchange.

The close bilateral relationship between Egypt and the United States has been enhanced by the extensive economic and security ties that have developed between the two countries over the past decade. The benefits accruing from this relationship flow both ways. For example, coproduction of the M1A1 tank is an important component in the U.S.-Egyptian security relationship. While coproduction will promote Egyptian military self-sufficiency, it will also sustain thousands of jobs for American workers.

Forgiveness of Egypt's $6.7 billion FMS debt last year was a major contribution to its economic well-being, and we applaud the role of the U.S. Congress in approving this generous and beneficial step. Without the debt forgiveness and the injections of foreign assistance from the United States and other Arab states, the strains placed on the Egyptian economy by debt servicing requirements and the economic shock created by the Gulf crisis would have been unbearable.

U.S. assistance to Egypt also plays a pivotal role in the ability of Egypt to institute much-needed, but unpopular economic reforms. There is no doubt that further significant reforms are both necessary and desirable in the long run, though the burdens of such reforms on the large and growing Egyptian populace will be substantial and must be allocated equitably.

Aid to Israel

Israel received a great deal of praise for not retaliating against Iraq in the face of Iraqi missile attacks against it during the Gulf war. While its low-profile policy in that war was well received in Washington, Israel's contribution to the resolution of the Gulf crisis was essentially indirect and insignificant. Its traditional value as a strategic ally of the United States has been clearly diminished. Many in Washington perceived Israel as a liability rather than an asset. Nevertheless, nearly all of Israel's objectives in the Gulf were achieved by the military efforts of the coalition, including Arab forces.

Israel's "restraint" in the war did not come cheap. Attempts by Israeli officials to bill the United States more than $1 billion — a sum that would have regained for Israel at the American taxpayer's expense every penny that could even remotely be construed as being associated with the Gulf crisis, including lost tourist revenues — were astonishing. The Bush

Administration eventually pared Israel's exorbitant request for assistance by hundreds of millions of dollars. Nevertheless, the $650 million in supplemental assistance to Israel approved by Congress was certainly generous by any standard that could be applied.

It may also be premature. Whatever the merits of Israel's conduct during the war, its policies in the postwar period have undermined the Bush Administration's efforts to achieve Middle East peace. The conclusion of the Gulf war provided the best conditions in years to achieve a solution to the Arab-Israeli conflict. Yet at a time when compromise on both sides is essential, Israeli settlement policies may dissipate much of the good will in the Arab world that had been earned by the coalition's liberation of Kuwait.

In recent months, Israel has redoubled its efforts — without apology or hesitation — to colonize the Occupied Territories with Jewish settlers, many of whom are Soviet immigrants. At the same time, it is expected to demand billions of dollars in housing loan guarantees to settle Soviet immigrants in Israel. We do not oppose the willing migration of Jews out of the Soviet Union. But any direct or indirect assistance provided by the United States Government to help Israel colonize the Occupied Territories is contrary to stated U.S. policy and to pertinent U.N. resolutions and is an obstacle to peace and stability in the Middle East.

The United States should exert political pressure to the fullest extent possible to persuade Israel to abandon its settlement activities in the Occupied Territories. Failure to comply should result in tangible and unmistakable penalties to Israel, including the reassessment of its foreign aid allocation, as prescribed by U.S. law. Any direct or indirect assistance provided by the United States Government to help Israel colonize the Occupied Territories will work at cross purposes with the Administration's attempt to reach a fair and comprehensive solution to the Palestine problem and the Arab-Israeli conflict.

Israel has been able to pursue its settlement policies, which consequently undermine the prospects for genuine peace, because it receives $1.2 billion in U.S. economic aid annually with no strings attached. It can only pursue policies that may ultimately lead to renewed armed conflict with its Arab neighbors because it receives $1.8 billion dollars annually, again without conditions.

It is time, therefore, that, if peace is to be achieved, strings should be attached. The United States has for years exerted political pressure to persuade Israel to end its human rights violations and to abandon its settlement activities in the Occupied Territories. Israel's failure to comply should result in tangible and unmistakable penalties, including the reassessment of its foreign aid allocation, as prescribed by U.S. law.

There should, in short, be a linkage between U.S. aid and loan guarantees to Israel and the ending of the Israeli occupation of Arab territory. If Israel believes it can afford to expand its settlement activity, it should do so at its own expense. For every dollar that Israel spends on settlement activity in the Occupied Territories, the amount of U.S. aid to Israel should be reduced by an equivalent amount. Although it would be politically unpopular — as was demonstrated in the House of Representatives by the recent defeat of the Bryant amendment to the foreign assistance authorization act — such a position might induce Israel to adopt a more compromising and judicious position on the settlements issue.

It is, then, the manner in which aid to Israel is provided that ought to be given careful consideration by Congress, and particularly by this Subcommittee. Unlike every other country, Israel is given its aid on an unconditional basis. This complete and utter lack of accountability has permitted Israel to carry out its economic, political, and military policies without the need for any concern for or consideration of U.S. security interests in the Middle East. In other words, the $3 billion in foreign assistance which is given to Israel at the beginning of each fiscal year amounts to a blank check on Israeli policy toward its neighbors.

We question, for example, why U.S. officials of the Agency for International Development review the economic assistance programs of every other recipient of U.S. economic aid, while there is no U.S. government scrutiny whatsoever of the $3 billion in aid given to Israel annually. We believe that A.I.D. should have the same inspection rights in Israel to monitor what actually happens to U.S. economic assistance as it does elsewhere in the world.

There should also be an unmistakable and unavoidable linkage of U.S. foreign assistance to Israel with respect to Israeli human rights policies. Section 116 of the Foreign Assistance Act of 1961, which was approved by Congress, specifically proscribed U.S. assistance to countries which engage in "a consistent pattern of gross violations of internationally recognized human rights." Yet the State Department's annual *Country Reports on Human Rights Practices* from 1988 to 1990 have documented a widespread and continuing pattern of gross Israeli human rights violations in the Occupied Territories. Israel should be held accountable for these violations.

Conclusion

We believe that the closest possible relationships between the United States and the countries of the Arab world are an essential component for promoting U.S. national security interests in the Middle East. These relationships, built on mutual trust and respect, will benefit all parties concerned.

U.S. foreign aid to the Arab World, in particular, is a wise and prudent investment in the stability of the region that strengthens already solid friendships and underscores the U.S. commitment to its Arab allies. We urge this Subcommittee to review the Administration's foreign assistance requests for the Arab countries with sensitivity and concern for their compelling individual needs.

We also ask that this Subcommittee require Israel to be held to the same standards of accountability that are applied to all other countries. We believe that the practice of giving more per capita aid to Israel than the entire per capita gross national product of a number of Middle Eastern and North African countries and many other countries elsewhere in the world should come under intense scrutiny. This is particularly urgent now that increased aid requests are being placed upon the United States worldwide at a time when deficits have forced budget reductions and burdened the American taxpayer.

Foreign assistance is an important policy tool which, if used wisely, can promote and protect U.S. national interests abroad. Disbursed in a fair and equitable manner, U.S. aid is an indispensable and worthy

mechanism that can assist friendly countries around the world in strengthening their economies and meeting their legitimate defense needs.

We believe, however, that U.S. foreign assistance is not being distributed prudently. A serious reexamination of the way in which the United States allocates its foreign aid dollars has been sorely needed for many years. Unfortunately, the bulk of U.S. foreign aid is given, year after year, to a small number of beneficiaries. We contend that a more equitable distribution of U.S. aid to a wide range of deserving nations would be much more successful in promoting U.S. interests worldwide.. An optimal disbursal of aid dollars, moreover, would increase the proportion of economic aid in the total assistance package and decrease the emphasis on military hardware.

Perhaps at no time in recent memory has there been a greater need for a reevaluation of our foreign assistance obligations than in 1991. The Iraqi invasion of Kuwait and the Gulf war have placed compelling aid demands upon the United States at a time when huge deficits have forced sizeable budget reductions and heavily burdened the American taxpayer. The Bush Administration and the Congress must rise above political considerations to meet this challenge effectively. Either the foreign aid budget must be increased to accommodate these legitimate assistance demands, or the burden of reallocation must be shared by all.

One of the key components of reform of the foreign aid process would be to restrict the widespread practice in Congress of earmarking the vast majority of aid dollars for certain favored countries without regard to the effect such allocations have on U.S. commitments elsewhere. While earmarking is theoretically used by Congress in the budget process as a necessary and desirable check upon the Executive Branch, its principal use with regard to foreign aid has not been so lofty. Foreign aid earmarking has been used, all too often, not to ensure that all recipients receive their fair share of desperately-needed assistance dollars, but rather to protect certain nations from sharing in the burdens associated with a shrinking foreign aid budget.

As a result of this political practice, which we believe to be irresponsible, many necessary but unprotected assistance programs worldwide have been reduced or terminated as aggregate funding levels for U.S. foreign aid have declined. We believe that this practice has hurt U.S. interests in the Middle East and elsewhere. No country, without exception, should be immune from facing reductions in its foreign aid levels, and we urge this Subcommittee, in its deliberations on the FY 1992 foreign aid budget, to recommend a fair and equitable allocation of assistance to all aid recipients in the Middle East.

STATEMENT OF HASSAN OMAR MAHADALLAH

SOMALIA'S CIVIL WAR: BACKGROUND NOTES.

For the past three years Somalia was the scene of one of the most ferocious civil wars in Africa. Since its outbreak in 1988, this war has claimed the lives of hundreds of thousands of men, women, and children of all ages and social classes. Besides, it has disrupted the whole economic infrastructure of the country, and led to the displacement of over two million civilians. It is these civilians who now face starvation and the spread of epidemic deceases. They need help now, not later.

The civil war in Somalia, which some have called "The Forgotten War," came in two major phases. Its first phase began in 1988 in the northern regions of Somalia. It all began when the northern rebel group, The Somali National Movement (S.N.M.), mounted an armed offensive against the repressive forces of General Mohammed Siad Barre. In response to the rebel challenge, the General and his sycophantic cronies, the Supreme Revolutionary Council (S.R.C.), resolved to decimate the rebel held cities and towns in the region. In the process, they have killed more than 50,000 people and caused the displacement of nearly one million people.

The second and last phase of the war began in late 1989 in the southern regions. In the course of this phase, the Somalian civil war consumed the lives of uncounted numbers of people all over the country. Last December, when it finally reached the capital city, Mogadishu, the beginning of the end of General Barre's despotic rule was inaugurated. As many Somalis have hoped for, the war for Mogadishu, which was spearheaded by the southern-based opposition group, the United Somali Congress (U.S.C.), ended General Barre's merciless rule. However, this last phase of the war turned out to be as bitter and costly, in terms of human lives and material property, as the one that preceded it in the north.

During the last days of the war, the octogenarian despot of the Somalis, General Barre, and his hated hingemen, the S.R.C., wrought their deepest vengeance on the heavily populated city of Mogadishu and its surrounding villages and towns. For over three weeks, they incessantly bombed heavily populated centers and civilian facilities - roads, bridges, hospitals, pharmacies, electricity generators, water supply facilities, and

telecommunication installations. As a result of this ruthless bombing, the whole civilian infrastructure collapsed and the nation's economy was totally disrupted. Consequently, more than one million people were displaced and are now exposed to starvation, malnutrition, and the spread of epidemic deceases. Unfortunately, this human tragedy of such gargantuan proportion, which is still unfolding in Somalia, remains largely unnoticed by the world community. This is, of course, to the detriment of the needy victims in Somalia. These victims are not getting their share international aid. The international community must be informed about their situation, and ways must be devised to expedite humanitarian assistance to them. The United States, being the leader of the free world, has a leading role to play in this noble effort.

Current Assessment of the Situation in Somalia.

The destructiveness of the Somalian civil war is evident every where. Almost all major cities in the country are bombed , strafed and looted. City dwellers lost not only their houses and businesses, but also all the vital social services that make cities hospitable - i.e. hospitals, pharmacies, electricity, telephone services, and water supply systems, etc. Like wise, country and rural communities lost their farms and live stocks. Most of all, both rural and city dwellers depleted their food reserves. The highly vulnerable amongst these victims are the ones who are suffering the most. In sum, up to 80 percent of the Somali population are rendered in need of emergency food and medical help. They need help now, not later.

Areas of Concentration of the Somali Victims.

Most of the Somalian victims are concentrated in three separate geographical areas. For lack of better terms, I shall refer these areas as the 'north'. 'south'. and 'west'.

The Southern Victims.

The southern victims are mostly concentrated in the capital city of Mogadishu, though some are still living in nearby rural districts. Conservative estimates show that the inhabitants of Mogadishu alone number over one million people. The total number of people who need help in southern

Somalia are estimated to be over one million and half. These victims can be reached through the modern port of Mogadishu. The port of Mogadishu was completed in the seventies, and is equipped with modern facilities.

The Northern Victims.

The northern victims are spread in all over the region. Most of them are settled in the major towns and cities in the area, though a good portion of them are still suffering in rural districts. The northern communities can be reached through the ports of Berbera and Zela.

Food Stuffs Needed for Six Months.

Conservative estimates show that the needy people in the southern Somalia number over 1,500,000. To survive up to six months, the southern communities need some 200,000 metric tons of assorted food stuffs. Those in the north need as much 100,000 metric tons. This amount of food is estimated to provide to these victims about 1800 kilocalories per person per day for up to six months. Stable food diets in Somalia include wheat, flour, rice, corn, and sorghum. Other food stuffs, such as sugar, dried whole milk, and cocking oil, are also needed in significant quantities.

Current Security Situation in Somalia.

The security situation in Somalia has improved considerably since the ouster of General Siad Barre. Despite earlier disturbances and looting in major cities, the country in now stable. The current government of Somalia has done a commendable job in creating an environment that allows donor organizations to operate in the country. However, if the food situation is not improved very soon, many armed individuals may start using force against the authorities to wrest food for their families.

In northern Somalia, the regime of the Somali National Movement (S.N.M.), which is currently operating in the region, is cooperating enthusiastically with donor organizations. The S.N.M. is willing and able to guarantee the security of the donor staff and their vessels. Assistance to the Somalian victims in the northern region can be entrusted in the hands of the S.N.M authority.

The Western Group Victims

The third group of Somali victims are divided into several refugee camps in Ethiopia and Kenya. Recent report by Hiram Ruiz of U.S. Committee for Refugees indicates that the Somalian refugees in Ethiopia number nearly 600,000 people. Most of these refugees are found in refugee camps along the Somalo-Ethiopian border. Help can be sent to them through the Ethiopian government. Although the Ethiopian government is newly installed, it has demonstrated willingness to facilitate humanitarian assistance to the refugees in its country.

There are also some 23,000 Somalian refugees in Kenya. These refugees are presently held in poorly supplied refugee camps along the Kenyan-Somalian border. According to Mr. Ruiz, there are also additional 3,000 Somalian refugees who camped near the Kenyan border inside Somalia, after they were denied entery into Kenya by the Kenyan authorities. Help to both these groups can be channeled through the Kenyan government. They need about 80,000 to 90,000 metric tons of assorted food stuffs. In short, as Mr. Ruiz correctly points out, "Whatever method is used, however, adequate quantities of food must begin to arrive soon," if we are to save lives.

Medical Supplies Needed in the Northern and Southern Regions.

Types of Needed Medicine.	North	South
I - Antibiotics and Chemotherapeutics:		
I.1 Chloramphenicol capsules of 250mg.	10,000W tins	20,000 tins
I.2 Tetracycline capsules of 250mg.	10,000 tins	20,000 tins
I.3 Ampicillin capsules of 250mg.	12,000 tins	24,000 tins
I.4 Ampicillin Pediatric Suspension 50ml bottles	12,000	24,000
I.5 T.B.C. Drugs:		
I.5.1 Isoniazid of 100mg.(100 tbl/tin)	5000 tins	10,000 tins
I.5.2 Ethambutol of 100mg.(100 tbl/tin)	10,000 tins	20,000 tins

II - Chloroquine Tablets of 250mg.(100 tbl/tin)	1000 tins	2000
1- Mebandazole Tablets of 100mg.(100 tbl/tin)	8000 tins	16,000
2- Pyrimethamine (Fansidar) 500mg.(100 tbl/tin)	500 tins	1000
3 - O.R.S. (100 sacks/tin)	10,000 tins	15,000

III - Miscellaneous Medical Supplies:

1 - Bandages	2000 rolls	4000 rolls
2 - Gauze	1500 boxes	3000 rolls
3 - Disposable syringes of 100 syr/box	5000 boxes	10,000 box

IV - Anti-Inflammatory Drugs:

1 - Aspirin 500mg. 100 tablets/tin	1000 tins	2000 tins
2 - Aspirin Pediatric 300mg (100 tbl/tins)	1000 tins	2000 tins

V - Paracitamol 500mg.(100 tbl/tin)	1500 tins	3000 tins
VI - Multivitamin Tablets (100 tbl/tin)	1500 tins	3000 tins
VII - Vitamin C Tablets of 50mg.(100 tbl/tin)	500 tins	1000 tins

VIII - Physiological Solution of 500ml.(100 sacks/box):

North	South
150 boxes	300 boxes

IX - Glucose Solution 5% of 500ml. (100 sacks/box):

North	South
150 boxes	300 boxes

STATEMENT OF RALSTON H. DEFFENBAUGH, JR., EXECUTIVE DIRECTOR, LUTHERAN IMMIGRATION AND REFUGEE SERVICE

Thank you, Mr. Chairman, for the opportunity to address the Subcommittee on Foreign Operations. I speak today in support of increased U.S. assistance to refugees overseas.

Let me begin with a brief introduction of myself and my organization. I am the Executive Director of the Lutheran Immigration and Refugee Service (LIRS). We are

a cooperative agency of the Lutheran churches in the United States, serving refugees, asylum seekers, undocumented persons, and immigrants. Our mission is to help refugees resettle into U.S. communities, advocate for the protection and humane treatment of uprooted people in the United States and around the world, and provide educational and technical assistance in immigration and asylum matters.

As members of the Lutheran world community, we work in connection with the Lutheran World Federation (LWF), a partnership of 106 Lutheran churches around the world. This partnership makes our organization unique in the refugee assistance community. While LIRS focuses on U.S. domestic resettlement and refugee protection issues, LWF serves refugees and displaced persons overseas both in the assistance and protection functions. Through its department of World Service, the Lutheran World Federation is one of the main implementing partners for services of the United Nations High Commissioner for Refugees. My comments today reflect our belief that domestic resettlement and overseas assistance both serve vital interests in the U.S. refugee program, and deserve avid support.

International attention has focused during the last few months on the plight of hundreds of thousands of Iraqi Kurds fleeing into Turkey and Iran. As reports continue about the hardships these refugees face, the United States has an opportunity to examine its methods of responding to emergencies around the world. One method for such response is the assistance to refugees provided in the Foreign Aid budget, which is our topic of discussion today.

Objectives of U.S. Refugee Policy

The partnership between the Lutheran Immigration and Refugee Service and the Lutheran World Federation reflects two major functions of the refugee program: (1) admission and resettlement of refugees in the third countries, and (2) assistance to refugees in camps overseas. In the U.S. refugee program, these functions are implemented by the U.S. Department of State, primarily through funds in the "Migration and Refugee Assistance" account (MRA), with emergency funds available

through the "Emergency Migration and Refugee Assistance" account (ERMA). In the last few years, dwindling resources and increased needs for refugee admissions have put the admissions program in competition with overseas assistance. LIRS believes that admissions and overseas assistance are complementary, not competing, functions of the U.S. refugee program. I urge you to consider the distinct objectives of each.

Admission and resettlement of refugees in the United States assist specific populations who are of special humanitarian concern to the U.S. The program helps refugees start new lives in the U.S., many times by reuniting families who were separated when some members fled their countries and others stayed behind. Resettlement fulfills commitments of the American people to specific refugee populations, including Vietnamese refugees, Jewish refugees in Europe after the Holocaust, and Jews and Evangelical Christians leaving the Soviet Union. Smaller number of refugees are also resettled from Latin America, Africa and the Near East. Currently, the United States government pursues these goals by funding the admissions of about 120,000 refugees each year.

This commitment to resettlement addresses two vital interests of the United Nations High Commissioner for Refugees (UNHCR): (1) its mandate for refugee protection, and (2) one of three durable solutions to refugee situations. Resettlement in the U.S. offers direct protection to the refugees admitted. In addition, it improves the UNHCR's ability to secure protection in other asylum countries for refugees who remain overseas. Ambassador Jewel S. Lafontant, U.S. Coordinator for Refugee Affairs, noted this benefit of resettlement in a February 1990 statement to the House Select Committee on Hunger. "Offering resettlement to those who have no other option, moreover, strengthens our ability to obtain commitments to first asylum from other nations."

Part of the UNHCR's work toward fulfilling its protection mandate is promoting three durable solutions for refugees in first asylum countries. The third of these solutions is resettlement in a third country. U.S. admission of refugees for resettlement contributes directly to achieving this solution.

Overseas assistance has distinct, yet parallel objectives. Through this portion of the MRA, the U.S. contributes to international organizations such as the UNHCR, the International Committee of the Red Cross (ICRC), the U.N. Relief Works Agency for Palestinian Refugees in the Near East (UNRWA), and the U.N. Border Relief Operation for Cambodian refugees on the Thai-Cambodian border (UNBRO). In contrast with the assistance to specific refugee populations provided by admission and resettlement, these contributions help refugees and displaced persons worldwide. They help families survive and stay together through immediate crises. Refugees are also assisted, through the international agencies, to return home when the conditions so permit. In this way, the U.S. fulfills its responsibilities as a member of the global community through participation in the United Nations and other multilateral agencies. These contributions attest to the United States commitment to humanitarian ideals.

Whereas admissions and resettlement address the UNHCR's third durable solution to refugee situations, overseas assistance contributes to the first two. The best option for refugees is voluntary repatriation, and the next is integration into the country of first asylum. U.S. contributions to international relief agencies bolster programs which make these options possible. Overseas assistance also contributes to fulfillment of the UNHCR's protection mandate by brokering protection in first asylum countries. African nations, for instance, have maintained liberal asylum policies while international organizations have provided care and maintenance for refugees. The UNHCR expresses concern, however, that as assistance levels drop, attitudes toward asylum and protection in those nations grow tense.

As we have seen and heard these last few months, the crisis of Iraqi Kurds fleeing to Turkey and Iran is yet another situation where lack of assistance meant neglect of refugee protection. The eventual and welcome response of the U.S. to the crisis assisted people in returning home, under the auspices and protection of the international community. Through its overseas assistance program, the U.S. can lead the international community in ensuring that relief organizations have the necessary resources to protect these refugee populations.

One great strength of the U.S. refugee program is its incorporation of all three of the UNHCR's durable solutions to refugee situations. It is essential that the distinct programs which allow this broad integration continue. Overseas assistance must not be made to compete with admissions and resettlement. Each addresses distinct problems, and each should have flexibility to respond to new needs.

Assistance Shortfalls for Refugees Overseas

Recognizing that support of refugees overseas should not preclude funding for admissions and resettlement, I will dedicate the remainder of my comments to recent crises requiring increased overseas assistance. One such crisis is the budget shortfall of the U.N. High Commissioner for Refugees.

Program Directors submit, through the office of the High Commissioner, budget projections each year to the Executive Committee of that body. In previous years, the Executive Committee approved this need-based budget. Recently, however, as the world refugee population continues to increase by about a million refugees per year, the costs incurred in providing for refugees have escalated. New emergency situations have arisen, and there is a growing population of long-staying refugees, but financial contributions have not kept up.

By 1990 the needs of the UNHCR had exceeded their funding capacity. Program Directors submitted a budget based on projected needs, but the Executive Committee sent that budget back, saying that the UNHCR would not receive donations sufficient to cover such projections. Program Directors then submitted a new budget within the limits of the Executive Committee's expected income. To make matters worse, even the budget finally approved fell $55 million short of needs.

In November, 1990, Mr. Douglas Stafford, then Acting High Commissioner for Refugees, reported to the Third Committee of the General Assembly that "...the only way we could cope with this financial crisis was by cutting refugee programs and administration costs to bare essentials."

Cutting to bare essentials meant that funding for programs in Ethiopia, Malawi, Somalia, and the Sudan was $24 million below assessed needs. Programs in Thailand lacked $2.7 million, and funding for Pakistan fell $7.4 million short. Other regions similarly affected were the Philippines, Costa Rica, Honduras, Mexico, and Iran.

In 1991, official statements of the UNHCR suggest that everything is under control, that the budget crisis is over. While it is true that on paper the books now balance, the negative impact on the UNHCR's capacity for responding to refugees' needs continues. The 1990 "bare essentials" budget became the base for the UNHCR's 1991 budget. Basing its budget on dwindling available resources instead of growing refugee needs, the UNHCR has been forced to institutionalize lower standards of care for refugees worldwide.

Impact on refugees and service providers

Mr. Stafford went on in his address to the U.N. General Assembly to say that "these program-cutting exercises are not simply about writing and re-writing projects until the bottom line adds up. They are not exercises in bookkeeping. Rather, they are about <u>not</u> meeting many of our obligations."

Obligations, for example, to refugee students receiving primary and post-primary education and vocational training. The Lutheran World Federation reports that support for these refugees has been a notable casualty of reduced UNHCR funding. In some cases this has caused support to be cut off while a student is still undergoing training. In others, giving priority to primary education has meant fewer refugees are supported in post-primary training. LWF field offices have thus received more applications to assist refugee students which the UNHCR would normally be expected to sponsor. The LWF headquarters in Geneva have noted a tripling or more in the number of applications for scholarships from refugee students. Unfortunately, non-governmental organizations cannot meet the needs of all of these refugees who no longer receive UNHCR scholarships.

Obligations to non-governmental organizations which implement many of the UNHCR's service programs have also been jeopardized. Lutheran World Federation reports further that reduced funding and serious delays in providing funds have caused problems for refugees and agencies. For example, after lengthy delays, it now seems that the UNHCR will contribute $80,000 and LWF and its agencies $400,000 to support 30,000 Liberian refugees living in the Kailhun area of eastern Sierra Leone. In previous years, the normal working arrangement has been for the UNHCR to provide around 75% and LWF around 25% of necessary funds. Non-governmental organizations simply do not have the resources to replace the shortfall in UNHCR funding.

Protection of refugees and achievement of durable solutions for refugee populations have also suffered. Lutheran World Federation reports that there has been a cutting back in standards to which new settlements should be built. While this has not affected the essential care and maintenance for refugees, it has negatively impacted the infrastructure that keeps the care and maintenance programs going. For example, size and quality of school and village buildings have been affected, roads and water supply systems are not up to the standards they should be. Stop-and-go funding disrupts planning and costs more in the long run. Well established public services which function well after international support ceases will enhance acceptance of asylum seekers by host countries.

This is not to say that the UNHCR is not doing its job. It is simply to show that reduced contributions in real dollar value by the U.S. and the inability of other donor nations to make up entirely the "deficit" have resulted in a corresponding reduction of involvement by the UNHCR in many areas of work and responsibility. In some cases, non-governmental organizations have tried to fill the gaps. Tragically, in other situations, the needs have gone unmet. Let me quote once more from Mr. Stafford's statement to the U.N. General Assembly. "I want to stress this point to you: UNHCR does not have the luxury of selecting its projects. We can't determine whom we'd like to help. . . Our constituents are selected for us. They are composed of all

the refugees under our mandate and no matter how many they may be, our funds must somehow stretch to cover their needs."

Mr. Chairman, the needs of refugees are growing. Before the massive numbers of Kurds began fleeing Iraq, there were more than 16 million refugees in the world. The UNHCR estimates that the Kurdish refugees added about 1.1 million to that population. International humanitarian organizations continue to stretch their funds to cover increasing demands. And the situation inside Iraq these days is very tenuous, to the extent that there are fears of another massive flight of refugees once the allied forces pull out.

A Regional Impact - Africa

Africa has been particularly hard hit by shortfalls in contributions to the UNHCR. General programs there will receive some $50 million less in 1991 than in 1990, even as severe crop failures and civil strife continue to increase demands. On April 15, Ambassador Princeton Lyman, Director of the Bureau of Refugee Programs, testified before the Senate Subcommittee on International Law, Immigration, and Refugee Affairs that the U.S. must not decrease its assistance to refugees in Africa, and will probably need to increase it. In addition to the problems reported above by the Lutheran World Federation, I call your attention now to specific African nations where programs were insufficiently funded during the 1989-1990 budget crisis.

Malawi now hosts more than 820,000 refugees from Mozambique. Reduced assistance in 1990 caused delays and cancellations of construction projects for roads, water supply, and education, as well as serious shortfalls in the supply of supplementary food and the replacement of worn-out blankets.

A two-way repatriation program between Angola and Zaire began in September, 1989, and repatriated nearly 6,500 Angolans and 3,000 Zairians in five months. Financial and logistical difficulties caused the program to be suspended in March, 1990. The UNHCR expects that if political developments and resources permit, they should be able to expand the program. There are now about 310,000 Angolan refugees in Zaire and 97,000 in Zambia.

Ethiopia hosts a refugee population of about 385,000 Sudanese in the west, and 335,000 Somalis in the east. Assistance programs for these populations suffered severely from the financial crisis. Construction of additional schools and clinics was delayed or postponed, as were payments of transportation costs and operational expenses of implementing partner organizations. Specific activities for target groups, especially refugee women, were not funded because limited resources had to be channeled to life-saving and life-sustaining activities. The recent changes in the government in Ethiopia are a cause of concern, in that there is uncertainty has what the future holds for that country. We just do not know how a new interim government will treat refugees within the territory, as well as the real potential of additional refugee flows due to intensified ethnic and political strife.

International attention focused on Liberia last year as nearly 780,000 refugees fled civil war there. By March, 1991, some 320,000 Liberians had fled to the Ivory Coast; 325,000 to Guinea; 125,000 to Sierra Leone; 8,000 to Ghana; and 1,500 to Nigeria. Basic needs were not met by contributions to the UNHCR's initial March, 1990 appeal, and a new appeal is underway. In addition to those who fled Liberia, at least 650,000 people are displaced internally.

The government of South Africa recently asked the UNHCR to assist in repatriation of returning refugees, and negotiations for this purpose are now underway. This is a new responsibility for the UNHCR, not figured into its 1991 budget. This long sought for return of refugees will be implemented in cooperation with non-governmental organizations and church agencies, yet without active support from donor nations, the project cannot occur.

The United States Role

The United States is not alone to blame for the UNHCR's shortfalls. However, a pattern of shrinking U.S. contributions is evident over the last ten years. In 1981, the U.S. contributed $138.7 million to the core budget of the UNHCR, equal to 33% of the agency's budget for that year. There were then about 7 million refugees in the

world. By 1988, U.S. contributions had fallen to $111.1 million, only 23% of the UNHCR's total contributions. The world then had 14.4 million refugees. U.S. contributions increased in 1989 to $125.8 million, but that comprised only 25% of the UNHCR's budget, and the caseload had grown to more than 15 million refugees. In 1990, U.S. contributions were $112.4 million, or 20% of the UNHCR's budget, and the refugee population approached 16 million.

While U.S. support has dropped by 19% in ten years, other donor nations have increased their contributions. The United Kingdom, for example, more than doubled its support from $16.7 million in 1981 to $35.4 million in 1990. Sweden's contributions jumped from $19.6 million in 1981 to $57.8 million in 1990, a 295% increase. The European Community, Denmark, Norway, Canada, Italy, the Netherlands, Switzerland, Finland, and France have similarly increased their donations to the UNHCR.

Increased support from other donor nations enhances the stated U.S. goal of "international burden sharing." However, "burden sharing" must not become synonymous with decreased U.S. support. The increases evident in other donor nation's support have barely made up for the shortfalls in U.S. contributions. Rather, the U.S. should lead and challenge the international community to respond to worldwide emergencies.

U.S. Goals for Fiscal Year 1992

I began today by saying that I speak in support of increased U.S. assistance to refugees overseas. Let me now present what LIRS sees as an appropriate level for FY 92 appropriation. The Administration has requested $490.6 million for the overall MRA appropriation and $20 million to replenish the ERMA. Lutheran Immigration and Refugee Service believes that this request is too low. We support an appropriation of $650 million to the MRA, with at least $300 million available for overseas assistance, and replenishment of ERMA to $75 million.

While we do not recommend specific earmarks within the MRA fund, we offer the following regional analysis to justify the recommended levels of assistance for

refugees overseas. Exact needs are difficult to assess, due to changes both in situations which produce refugees and in relief organizations' ability to respond. However, we feel that refugees' needs will be better met by the funding levels proposed below.

A. Africa: The Administration has requested $87.1 million. We feel the level should be increased to $130 million. Already in 1991, the UNHCR projects a shortfall of $50 million in its Africa programs. Recent developments which require increased assistance include exodus from Somalia of 350,000 Somali refugees and Ethiopian repatriants; displacement and impending starvation in the Sudan; care and maintenance and/or repatriation costs for the estimated 780,000 Liberians who have fled their country as of March, 1991; and the UNHCR's increasing involvement in repatriation of South Africans.

B. East Asia: The Administration request is for $49.9 million. We suggest an increase to $60 million. Specific areas where we expect increased needs include rising repatriation costs for the Comprehensive Plan of Action; contributions to UNBRO and ICRC to assist about 320,000 Cambodian refugees along the Thai-Cambodian border and about 150,000 internally displaced Cambodians; improvements in the screening process; treatment of unaccompanied refugee minors; and Lao and Vietnamese voluntary repatriation programs. We particularly support the earmark in the House bill, as passed on June 19,1991, setting aside $1.75 million for enhancement of the screening procedures for unaccompanied refugee minors. LIRS is additionally working with the U.S. Department of State, Bureau of Refugee Programs, and the UNHCR, to offer professional child welfare staff pro-bono to assist in the processing of minors through the special committees.

C. Near East/South Asia: The refugee assistance budget request for this region is $92.4 million. We feel that an increase to $150 million will better meet refugee needs in this region. In light of the continuing exodus of Palestinians from Iraq and Kuwait,

we recommend increasing U.S. contributions to UNRWA to $80 million. Continuing response to other war refugees in the region warrants an increase in other contributions to $70 million. This includes, at a minimum, addressing the emerging needs of Kurds and Shiite muslims fleeing Iraq, and refugees and internally displaced persons in Sri Lanka. The uncertain future of Kurds who are now in the newly established "protection zone" inside Iraq could change quickly, and there is a likelihood of a renewed flight once the allied troops pull out later this summer.

D. Western Hemisphere: The Administration has proposed cutting the regional budget for the Western Hemisphere, specifically Central America, from $9.8 million in FY 91 to $4 million in FY 92. We recommend replenishing donations to programs in this region at $10 million. The Administration's argument is that most of the estimated 55,000 Nicaraguan refugees in the region, along with at least 2,500 Salvadorans want to repatriate. We expect higher needs because 1) the repatriation projections could easily prove too optimistic, and 2) the Administration's figures omit consideration of the more than 300,000 Central Americans who are displaced in Mexico.

In addition to an appropriation of $650 million for MRA, we support replenishment of the ERMA fund to $75 million. The recent crisis of Kurdish and Shiite Muslim refugees in Iraq and those fleeing to Iran and Turkey demonstrates that donor nations must be able to respond quickly to emergencies. Even though the UNHCR prepared for 400,000 refugees when the Persian Gulf crisis began, the refugees have now fled to unexpected areas, which were not prepared to handle such large influxes. Care and maintenance and protection of this vulnerable population depend on immediate response from the international community. The ERMA account must be funded at $75 million, so that the U.S. is ready to respond should a similar emergency arise elsewhere.

Conclusion

The U.S. refugee program has noble goals, both for admissions and resettlement and for overseas assistance. To a large extent, we achieve those goals through resettlement of refugees in this country and contributions to international relief organizations. But we can do more. We need to do more, especially overseas.

I'd like to leave you today with a few words from a Lutheran nurse who returned last March from Liberia. Ms. Ruth Ehrhardt, who spent three months earlier this year with a Church World Service medical team in Monrovia, describes visiting the Good Samaritan Orphanage in that capital:

> "The five room house on the beach had school desk type long benches in the living room. The children were lined up on the benches, bowl and spoon in hand, patiently, but with great expectation for something to eat. From the exam room next door I heard one of the adults lead them in prayer (repeated by them): 'Dear God, we thank you for this day. We thank you for this food. Please bless us. Please bless the people who prepared our food, and please send more. Amen."

Mr. Chairman, Ruth Ehrhardt shared with the Lutheran Immigration and Refugee Service that the children she saw at this orphanage were better off than those in seven other locations in Monrovia; most do not even have benches to sit on. These children need help. So do adults and children fleeing Iraq. So do refugees in other parts of the Near East, Central America, and Asia. As we work urgently in the United States to improve our own economy, we have an opportunity now to show that we care not only for ourselves, but also for 17 million refugees throughout the world. I thank you and the subcommittee for your continuing support of refugee programs. The Lutheran Immigration and Refugee Service looks forward to continuing our work with you to identify and ease refugee needs around the world.

STATEMENT OF THE AMERICAN JEWISH COMMITTEE

The American Jewish Committee has since its founding 85 years ago advocated a humanitarian response to the plight of refugees around the world. We have maintained a consistent interest in Jewish refugees forced to flee their homeland because of ethnic or religious prejudice, but have never limited our advocacy to Jews. The same principles

which underlie our concern with our own community naturally apply to others as well. A caring community and nation can find no higher expression of their ideals than a humanitarian response to the worldwide refugee crisis. For this reason, we join with others in the Christian and public interest communities in urging a U.S. response to refugees in FY 1992 that is worthy of our responsibilities, ideals and interests.

This commitment is particularly important this year because of the critical nature of the refugee crisis. when the Administration prepared its budget projections, it planned on the assumption of a worldwide refugee population of 15 million. Even then, the real number had probably risen to 16 million. In the intervening months, primarily due to the upheavals in Iraq, this figure has grown to about 18 million people in desperate need of assistance.

Sheer numbers give an idea about the scope but not the nature of the problem. This is not only an exceedingly large population but also one in desperate need. Due to lack of resources, conditions in refugee camps have disintegrated seriously in recent years. In Africa, Asia, Latin America and the Middle East, children in camps suffer severe malnutrition, basic education for the young and vocational education for adults is unavailable and no programs exist to train people for life outside the camps. Basic survival has become the standard for which many camps aim through their current budget and programs threaten to fall short even of this minimal goal. People who fled their homelands to escape persecution find themselves facing an exceedingly difficult present and bleak future.

This horrible situation is due in the main to lack of funds. Conditions have deteriorated to their present sorry state because international agencies lack the resources to do better. Their budgets are derived from donor nations, especially the United States, whose funding has fallen short of what is necessary to retain minimally acceptable standards.

These conditions challenge the basic humanitarian principles of U.S. refugee policy. They also seriously impair our basic foreign policy goals since they create instability in sensitive areas of the world vital to the national interest. This situation cannot be allowed to continue to deteriorate.

For this reason, we believe it vital, even in the current period of budget stringency, to expend sufficient funds for overseas refugee assistance to deal with swollen refugee populations in an acceptable manner. This will entail an increase over both last year's spending levels and the Administration's original budget request.

This increase cannot come out of funds for domestic resettlement for refugees nor can domestic resettlement programs draw funding from overseas assistance monies. Each program has its own integrity and must be understood and funded separately.

Domestic refugee resettlement provides a solution for refugee problems. Once refugees are brought to the United States, given transitional assistance and acculturated to our cultural, economic and social systems, their refugee status is ended. They no longer have to be treated or maintained as refugees but have become Americans like any other. We currently offer this solution to over 130,000 persons per year of special humanitarian concern to this country. This resettlement is a vital part of the U.S. effort to resolve refugee status for significant numbers of people. Moreover, several studies have proven that resettled refugees contribute significantly to the American economy and to the quality of our life. It is very much in our national interest as well as consistent with our humanitarian principles to maintain this flow. Both domestic resettlement and international assistance are vital components of our overall refugee policy, each with its own integrity. They need to be budgeted separately, with neither coming at the expense of the other.

Particular and pressing needs also have to be taken into account in addressing next year's refugee assistance budget. Included in next year's budget is $80 million to aid in the historic and unprecedented resettlement of Soviet and Ethiopian Jews in Israel. Assistance for this extraordinary resettlement is needed and appropriate since it exemplifies our humanitarian principles and advances our interest in quality permanent resettlement for refugees in other countries. We are grateful for this allocation. But it would be tragic and unacceptable if this funding were to come at the expense of other overseas refugee populations now living in desperate circumstances and in dire need of U.S. attention and assistance.

We also need in fiscal 1992 to reallocate admission numbers and funding for Soviet refugees who were designated for admission to the U.S. in 1991 but did not arrive here because of blockages in Soviet processing, not any failure on the part of American

governmental or private agencies. Up to 15,000 Soviet refugees may be denied the opportunity to come here this year through no fault of their own. Given that numbers and funding were planned for their arrival in 1991 and not used, it is only fair that these resources be applied to 1992, in addition to numbers that would normally be designated for this population next year. This would entail no new program but only the fulfillment of obligations previously planned that have yet to be realized.

All of these considerations, in addition to advancing refugee slots and funding from the unused portion of Soviets from this year to next, call for a minimum level of at least $630 million for Migration and Refugee Assistance and $75 million for Emergency Refugee and Migration Assistance in the State Department Authorization Bill. These sums reflect an increase of about $130 million for Migration and Refugee Assistance and $55 million for the emergency account over the Administration's request. That request, however, was based on estimates of the refugee population that, as previously noted, have since been far superseded.

Even in the face of a difficult budget situation, it is vital to maintain our commitment to overseas and domestic refugee assistance. This is a matter of both high principle and vital national interest. Funding at levels we have advocated must rank as a key national priority.

STATEMENT OF FRANK CARLUCCI, FORMER SECRETARY OF DEFENSE

Mr. Chairman, members of the Subcommittee, thank you for inviting me to testifv on the important subject of U.S. security assistance for Turkey. It is an honor and a pleasure to submit the full text of my statement for the record.

At various times in the past forty years, Americans have assessed Turkey's strategic value differently. Once considered a Cold War ally of great importance, Turkey's value was discounted by many in the initial euphoria over the end of the Cold War. Now, in the aftermath of the Gulf conflict, we are re-thinking our relationship with Turkey and, I hope, realizing its enduring value. While our perceptions may change to reflect the international climate, two things about Turkey remain constant:

her commitment to fundamental Western interests and her unique geographical location between Europe and the Middle East.

For many years, American leaders viewed our relationship with Turkey primarily through the lens of America's Cold War security requirements. Turkey's 1500-mile frontier with the Soviet Union and Bulgaria and its control of the maritime straits that allow Soviet ships to move from the Black Sea to the Mediterranean guaranteed an important role for Turkey in NATO, which she joined in 1952. Turkey still fields the largest army in the Atlantic Alliance, after the United States, and each year commits an admirable share of its resources to defense spending in support of NATO.

My tenure as Secretary of Defense (1987-1989) coincided with the beginning of the end of the Cold War. When I took office, the communist world was collapsing and the ideals of democracy and individual freedom were ascendant. Unfortunately, many in Washington observed these momentous changes in world affairs and concluded that we no longer needed "Cold War allies" such as Turkey. It did not seem to matter that these allies, through years of sacrifice and diligence, contributed to the triumph of democracy, or that they might have a role to play on the post-Cold War stage.

Some of us, however, looked at the world situation and wondered whether change would enhance or imperil the security of Turkey. It seemed to some of us that Turkey would have an increasingly important role to play in Western security arrangements. The specter of unrest and ethnic violence in the Soviet Republics of Central Asia required the presence of a strong, stable ally in the region. Turkey remained the only Muslim country in the Middle East with democratic, secular politics and a strong record of supporting the West in

international affairs. Her neighbors to the south and east include Iran, Iraq, and Syria. Surely, some of us reasoned. instability on all sides of Turkey justified strong U.S. support.

Notwithstanding these concerns. Congress cut aid to Turkey an average of 25% each year while I was Secretary of Defense. Not too long ago it seriously entertained the idea of shifting foreign aid dollars from traditional recipients to the emerging democracies in Eastern Europe. Last Spring, just months before Saddam Hussein invaded Kuwait, Congress attempted to cut aid for Turkey from the Administration's FY91 request of $545M down to $400M.

The events of the past year -- Saddam's invasion of Kuwait and Turkey's cooperation during the crisis -- have vindicated those of us who predicted that Turkey's strategic value would not only outlast the Cold War, but increase in importance. Bordering Iraq and controlling major oil pipelines coming out of that country, Turkey was well positioned to play a leadership role in the crisis. We are fortunate that Turkey's leaders did not shrink from that role, or decide to remain neutral

At the outset of the crisis, Turkey moved swiftly to stop the flow of oil out of Iraq and to cut off all transit trade with its neighbor. As a consequence of the embargo, some trading villages in southeastern Turkey have become virtual ghost towns. For Turkey, the total cost of participating in the embargo is now estimated at $7B. A comparable burden for the U.S. economy would approach $500B, surpassing even the cost of the Savings and Loan crisis.

Turkey also provided critical support for coalition forces during the conflict. The Turkish Government allowed the use of Incirlik airbase and other joint military installations in Turkey during Operation Desert Storm. Turkish troops stationed along

the border with Iraq diverted more than ten Iraqi divisions from the front lines in southern Iraq and Kuwait. Ground and air deployments and other military activities during the war cost Turkey roughly $700M.

In recent weeks, the Turkish government has sheltered and cared for hundreds of thousands of Iraqi refugees, at a cost of more than $200M. Critics are quick to condemn conditions in Turkish refugee camps, but few appreciate the magnitude or complexity of the problems posed for Turkey by these refugees. Before criticizing any shortcomings of Turkey's humanitarian effort, Americans should consider the impact of a comparable number of refugees streaming into remote and inhospitable parts of our own country.

As a nation, Turkey is coming of age. During the Gulf crisis, her leaders made policy decisions that once would have been unthinkable. Breaking with a long tradition of non-intervention in the disputes of neighboring states, President Ozal signalled Turkey's willingness to assume greater responsibility in regional and world affairs. The shift toward an internationalist foreign policy has been controversial in Turkey, as it once was in this country.

In the conflict just past, Turkey demonstrated her continued commitment to the West and her willingness to work closely with the United States. By virtue of history, geography, and demographics, Turkey is suited to help bring a "New World Order" into being. Turkey has impressive industrial and commercial capability, which her leaders hope to use to initiate a new era of economic cooperation and peace in the region. Turkey's size is three times that of Italy. Its population of 57,000,000 includes a large and skilled work force. By the year 2000, the

Turkish population will exceed 70,000,000, surpassing even that of unified Germany

Turkey's leaders share our belief that economic and political freedom go together. Just as Turkey can serve as an example of democracy to its neighbors, it can also be an economic role model. Free-market reforms introduced by President Ozal have transformed the Turkish economy, fueling growth and boosting exports. President Ozal has also proposed the creation of a Black Sea Economic Cooperation Region, to include Turkey, Bulgaria, Yugoslavia, Romania, and republics in Soviet Central Asia. The initiative aims to increase the circulation of people, goods, services, and capital among participating countries. Another proposal would address the critical issue of water resource management in the Middle East. A "Peace Pipeline," proposed by Pres. Ozal would supply fresh water from Turkish rivers to Saudi Arabia and other Middle East countries. Turkey plans to host a Middle East Water Summit this Fall.

As long as it remains militarily and economically strong, I believe Turkey can continue to be a force for constructive political and economic change in the region. Unfortunately, while there is cause for great optimism where Turkey is concerned, the neighborhood remains a difficult one. Saddam Hussein is still in power, unlikely to forget Turkey's courageous stand against him. In neighboring Syria, Hafez Al-Assad continues both his military build-up and his sponsorship of international terrorism. Iran's long history of hostility to the West is matched by its determination to export a particularly destabilizing brand of Islamic fundamentalism. On Turkey's northern border and across the Black Sea, unrest threatens to break up the Soviet Union, possibly creating as many as eight new and independent states. In recent months, longstanding tensions

have resulted in armed conflict or Soviet intervention in Georgia, Armenia, Azerbaijan, Moldavia, the Ukraine, and Crimea

It is no exaggeration to say that Turkey is surrounded by real or potential trouble. This is why I believe that the Administration is justified in seeking greater security assistance for Turkey in FY92. The Administration request of $625M in FMS would help to bring Turkish defenses into the 21st century. In the early eighties, before I became Secretary of Defense, DoD estimated that Turkey would require 1.2B in aid annually for ten years to bring its defenses up to minimal NATO standards. Funding for Turkey has leveled out at roughly half that figure since, and Turkish defense modernization has slowed as a consequence. Currently, Turkey's armed forces, though well-trained and disciplined, must use equipment from the WWII and Korean War eras. While some of the countries bordering Turkey possess weapons of mass destruction, Turkey cannot even boast adequate defenses against such weapons.

The enormous costs of the Gulf War will make it even more difficult for Turkey to fund necessary improvements in her defenses. Even if Congress approves full funding for Turkey at the level proposed by the Administration, a large part of that money must return to the U.S. Treasury to service existing debt. A conscientious borrower, Turkey will pay the U.S. hundreds of millions of dollars in FMS debt payments in FY92. For all intents and purposes, that vastly diminishes the amount of aid we provide.

Regrettably, the recent actions of your colleagues in the House of Representatives, if allowed to stand, could further complicate the issue of aid to Turkey. During mark-up of FY92 foreign assistance legislation in the House Foreign Affairs Committee, members were nearly unanimous in acknowledging the uniquely valuable contributions of Turkey to our effort in the

Gulf. Congressmen on the left and right of the political spectrum, both traditional supporters of Turkey and those who have been critical of Turkey in the past, praised her participation in the embargo, her early decision to cut off oil pipelines leading out of Iraq, and her support for coalition forces during the war. There was widespread agreement, also, that Turkey is bearing a disproportionate share of the financial burden associated with the embargo. Finally, there was a solid consensus that the United States should acknowledge Turkey's contributions and losses by increasing overall aid to Turkey.

Unfortunately, the 7:10 ratio, which ties the amount of military aid we provide Turkey to the amount we provide Greece, still has a strong hold on the members of the Foreign Affairs Committee. Unwilling to break the 7:10 ratio, the Committee decided to adjust the Administration request for Turkey by shifting funds from the FMF account to the ESF account. Recognizing Turkey's need and her loyalty as an ally, members wanted badly to strike a compromise. They reasoned that they could preserve the symbolism of the 7:10 ratio, for the sake of Greece, and still provide Turkey with an increase in aid by re-allocating funds. While one legislator praised this as a "Solomonic" solution to the problem, I submit that it is based on two false assumptions: first, that providing more ESF can achieve an overall increase in aid to Turkey, and second, that retaining the 7:10 ratio will do no harm.

The idea that increased ESF funding will even reach Turkey may be illusory. Past experience with ESF shows that countries not earmarked receive only a fraction of recommended funding. 90% of ESF is earmarked for a handful of countries. Turkey must compete for its share of the remaining 10%. For this reason, the Administration's 60M ESF FY90 request for Turkey ended up being less than $15M. This year, if the lion's share of ESF is again

earmarked for other countries, it is unlikely that Turkey will receive anywhere near the $190M recommended by the Foreign Affairs Committee. There simply won't be enough non-earmarked funds to go around. The allocation of aid is very important; you cannot preserve an overall increase in aid for Turkey while shifting a large portion of the funds into the ESF account.

As Secretary of Defense, I experienced the constraints of the 7:10 ratio first hand. I simply do not accept the proposition that it is largely symbolic and therefore harmless. The 7:10 ratio has never served a valid diplomatic or strategic purpose, and the Gulf War exposed graphically the invalidity of the ratio's rationale. I believe that the 7:10 ratio should be allowed to pass into the history books.

More recently, however, the House Appropriations Foreign Operations Subcommittee took its lead from the House Foreign Affairs Committee Authorization Bill. Despite a bipartisan effort in the Subcommittee Markup, the 7:10 ratio was included in their FY92 Appropriations Bill.

The 7:10 ratio, first imposed by Congress in the late seventies, had two ostensible purposes: to maintain a "military balance" in the Eastern Mediterranean and to encourage the progress of Cyprus diplomacy. Has the 7:10 ratio achieved either purpose?

To begin with, not even supporters of the ratio can claim that it creates "balance" in the Eastern Mediterranean. If Greece required "balance" for its security, it would spend FMS funds nearly as fast as it acquired them, as does Turkey. According to the DSAA Comptroller's Office, however, Greece has accumulated nearly a billion dollars in uncommitted FMF funds, including FY91 aid. Turkey, moreover, faces threats that Greece

does not; threats emanating from outside the Eastern Mediterranean altogether. Nothing could demonstrate this more clearly than the recent conflict in the Gulf

In the minds of 7:10 supporters, the ratio is also connected to Cyprus diplomacy, though it has proven a singularly ineffective tool of diplomacy. No matter what the position of Turkey or the Turkish Cypriots, Congress does not vary the ratio. Progress in negotiations over Cyprus have not come about because of restrictions on U.S. aid to Turkey, but because the Greek Cypriots and Turkish Cypriots realize that it is in their best interest to resolve differences. In this connection, I note that the Secretary General of the U.N. recently singled out and commended the Turkish government for its positive role in negotiations on Cyprus.

The true purpose of the 7:10 ratio has never been to maintain balance in the Eastern Mediterranean, or to bring about a resolution of the Cyprus issue. Its true purpose, recognized and opposed by Republican and Democratic Administrations alike, has been to make aid to Turkey more costly and more difficult. The 7:10 ratio has even prevented the Defense Department from providing much-needed excess defense equipment to Turkey. From both a fiscal and a national security point of view, we cannot afford to complicate our military aid program by perpetuating the ratio.

Another issue which some circles exploit in order to cloud U.S.-Turkish relations is human rights. The Turkish government is working hard to further human rights, and significant progress has been made with continued efforts to expand on past success. Failure to recognize Turkish efforts and progress does a disservice to the Turkish government and its relationship with the United States.

Turkey's human rights critics often misunderstand Turkey's evolution as a democracy. Unlike most of its neighbors in the Middle East, Turkey is not ruled by a dictator, a monarch, or a religious leader. Unlike countries that inherited democracy from a colonial power or had democracy forced upon them through conquest, Turkey chose its own democratic path. Elections, an independent judiciary, and a free press, all of which took centuries to develop in the West, have been achieved by Turkey in a comparatively short period of time. Turkey has the best human rights record in the region and her leaders show a candor in confronting remaining human rights issues that would not be possible except in a genuine democracy. For example, Turkey has:

- ratified the European Convention for the Prevention of Torture and the U.N. Convention Against Torture.
- implemented improvements in the prison system, as reported by a 1989 Helsinki Watch Report.
- established a Human Rights Commission within the National Assembly to monitor human rights practices.
- through its Parliament, approved changes in the criminal code that significantly enhance freedom of expression, association, and assembly. These reforms also provide general amnesty and abolish the law which regulated non-Turkish language publications.

The time has come to remove unnecessary and self-defeating impediments to our relationship with Turkey. A strong Turkey can serve as a stabilizing presence in a very uncertain part of the world. If we persist in restricting U.S.-Turkish military cooperation, however, Turkey will be unable to fulfill this role. The consequences for the United States, and for the world, could be grave.

At the outset of my testimony, I mentioned two "constants" in the U.S.-Turkish relationship: Turkey's loyalty to the West and her strategic location between Europe and the Middle East. These enduring aspects of the relationship, underscored by the Gulf crisis, are likely to take on even greater importance in the years ahead. I believe they can be the building blocks for a

partnership between Turkey and the United States that will significantly enhance the security of the Middle East and contribute to the success of a "New World Order." I hope that Congress will take steps, including increased security assistance for Turkey, to make such a partnership possible.

STATEMENT OF THE PLANNED PARENTHOOD FEDERATION OF AMERICA, INC.

I am Faye Wattleton, president of Planned Parenthood Federation of America (PPFA) -- the national organization of 171 local, community-based Planned Parenthoods providing reproductive health services and advocacy in 49 states and the District of Columbia.

I am submitting testimony on behalf of more than 26,000 volunteers and staff who operate 879 medical centers in this country, our hundreds of thousands of donors and supporters, and the more than four million men and women who are served each year by our clinics. Planned Parenthood's commitment to ensuring access to voluntary family planning services dates back 75 years in this country. We believe that women and families everywhere -- in the developing world as much as in the United States -- need to be able to determine for themselves whether and when to have children.

PPFA established an international division in 1971, Family Planning International Assistance (FPIA), at the urging of the U.S. Agency for International Development (AID, to translate this principle into practice. Last year, FPIA assisted 158 family planning programs in 37 developing countries, providing contraceptive services to over 1 million people, and served millions of others through its commodities distribution program.

Mr. Chairman, a former member of Congress once remarked that "economic development overseas would be a miserable failure unless the developing countries had the knowledge and supplies their families needed to control fertility." George Bush's words of 1973 are as applicable today, almost twenty years later. Of course, circumstances have changed since then. For one thing, most developing countries by

now have recognized the benefits of family planning and slowed population growth rates for themselves. The movement was led by Asia, then by Latin America, and now most Sub-Saharan African countries have developed national population policies and are attempting to implement serious voluntary family planning programs. Developing countries themselves are now so committed to family planning that between their national governments and local citizens, they bear 80 percent of the expenditures on family planning aid to their countries worldwide. Only 20 percent comes from the international donor community.

The magnitude of the programmatic challenge, however, has also changed significantly since 1973. At that time, the world population was less than 4 billion, growing at 80 million people annually. Today, there are 5.3 billion people on the planet, with 90 million more added every year. The total expenditures for population program assistance per capita actually decreased over the last two decades, just as the need and demand for aid have grown more urgent.

I am proud of the fact that the U.S. government remains the single largest contributor to the international effort. And while the total amount appropriated is critical, the effectiveness of the U.S. program is determined not only by its size but also by its policies. The continued impact of the so-called "Mexico City policy" and the now six-year U.S. boycott of UNFPA have seriously undermined the reach of the program, the confidence of developing country women and their families in the quality of care they receive, the morale of family planning workers and the credibility of U.S. government humanitarian aid activities in the eyes of the world.

Appropriations for Population Assistance Must be Increased Substantially and Immediately to Respond to World Crises

The direct benefits of revitalizing the U.S. commitment to international population assistance are numerous and touch many different spheres of U.S. foreign policy and humanitarian interests.

Enhanced aid to slow population growth alleviates population pressure, which has been associated with political instability and threats to democratic forms of government. A 1986 report of then-Vice President Bush's Task Force on Combatting Terrorism noted that "Fully 60 percent of the Third World population is under 20 years of age; half are 15 years or less. These population pressures create a volatile mixture of youthful aspirations that when coupled with economic and political frustrations help form a large pool of potential terrorists." This theme was echoed in a report prepared for the Arms Control and Foreign Policy Caucus last summer that articulates the U.S. security concerns raised by rampant population growth in the developing world.

Overpopulation is also a clear environmental concern. In those parts of the world largely reliant on subsistence farming, which is most of the Third World, the competition for diminishing fertile lands, water and firewood is already intense. The result is a ravaged landscape as well as increased atmospheric pollutants and greenhouse gases.

Indeed, a National Academy of Sciences panel released Policy Implications of Greenhouse Warming last month which recommended that "the United States should resume full participation in international programs to slow population growth and should contribute its share to their financial and other support because of the potential to make a major contribution to raising living standards and to ease environmental problems like greenhouse warming."

A final example illustrates the positive effects of increased population assistance on a more human scale. A December 1989 report issued by the National Academy of Sciences concludes that greater access to family planning services, a major component of the U.S. population assistance program, is essential to improving the health of women and children simply by enabling women to reduce the total number of births and high-risk pregnancies they have. It is an outrage that 500,000 Third World women die each year from pregnancy-related causes, especially considering that practically all of these deaths are easily preventable. And in cases where the mother dies, there is an extremely high likelihood that a surviving child will not live beyond his first birthday. According to the World Fertility Survey, almost half of all married women in developing countries want no more children, yet only one-quarter are using modern, effective contraceptive methods. Perhaps that partially explains the regrettable fact that abortion is still a major method of fertility control in the Third World, even in places where it is illegal and extremely dangerous.

Thanks to your leadership Mr. Chairman, Congress increased funding for international population assistance last year to $250 million. Yet, AID Administrator Ronald Roskens recently told Congress that AID intends to spend only $228 million of that appropriation for population-related activities. According to Administrator Roskens, AID has requested that the FY 1992 funding for population assistance be reduced to $228 million since that is all it plans to spend for it in FY 1991.

We share the frustration expressed by supporters of family planning in the Congress to Administrator Roskens this past spring about the low priority the Administration gives to human needs. As your counterpart in the House, Representative David Obey stated, AID has not "included additional funding requests for programs aimed at sustaining children, increasing efforts in AIDS prevention, escalating programs directed to family planning, and in my judgment, if you don't deal with that issue all of the rest of the money you are spending is being wasted."

More funds are critical -- and now. The longer we postpone our response, the more entrenched these moral and political crises will become -- and the more difficult it will be to catch up. Accordingly, we urge this subcommittee to respond to the Forum on Population in the 21st Century for a worldwide annual budget of at least $9 billion by the year 2000 in order to meet the needs of couples in developing countries. The Population Crisis Committee has estimated that a reasonable U.S. share for this worldwide effort should be $570 million in FY 1992 to ensure universal access to family planning.

Policy Changes Are Essential to Restore The Integrity of U.S.-supported Family Planning Services in Developing Countries

Overall U.S. budgetary constraints, regrettably, are exacting a large share from development assistance, population included. The impact is severe -- as I discussed earlier, even life-threatening. If this were the only burden the program must bear it would be difficult enough. Compounding an already critical problem of inadequate resources, however, is that the program must operate under ideological constraints that undermine its effectiveness.

The Reagan Administration abandoned the longstanding U.S. leadership in international family planning programs. First, in January, 1985, it defunded the International Planned Parenthood Federation - the world's largest private, voluntary provider of primary health care services. On top of that, since FY 1985, the U.S. has not contributed to the United Nations Population Fund (UNFPA), the world's largest multilateral organization providing voluntary population and family planning assistance to developing countries. The Reagan administration tried, but failed, to abridge a well-established ethical standard of health care delivery -- the policy of informed consent regarding contraceptive choices. Thanks to your leadership, and the support of this subcommittee, organizations that promote natural family planning must continue to provide their clients complete and accurate information about, and referral for, all other

available methods of family planning. Until the principle of informed consent is enacted into permanent law, however, we urge you to retain that provision in the annual appropriations bill for foreign operations.

As you know, the Mexico City Policy is still in effect, the Bush administration having inherited it and accepted it from the Reagan administration. This policy was first enunciated at the International Conference on Population in Mexico City in 1984. It prohibits the transfer of U.S. population assistance funding to any foreign nongovernmental organization (NGO) that (even with its own funds) provides information or services related to abortion -- even if abortion is legal in that country, as it is in the U.S. The U.S. Supreme Court last month let stand the Mexico City Policy restrictions, leaving the fate of millions of Third World women and their families who depend on U.S.-subsidized family planning services in the hands of the U.S. Congress. The Court's refusal to review the Mexico City Policy restrictions, which had been upheld by the 2nd U.S. Circuit Court of Appeals, followed the Court's decision to uphold the "gag rule" regulations prohibiting domestic Title X family planning clinics from discussing abortion. Earlier this month, the House voted 222 to 200 to amend the Foreign Assistance Act to overturn the Mexico City Policy. The new provision forbids the U.S. government from enforcing the double standard that impose overseas restrictions on foreign NGO's that are deemed unnecessary for foreign governments. Foreign governments are permitted to implement the administration's anti-abortion policy by maintaining the U.S. funded family planning program -- in a separate account from any abortion-related activities they fund. The same week, the Senate Foreign Relations Committee approved the same language during consideration of its foreign aid authorization. More than sixty national organizations endorse efforts to reverse the Mexico City Policy.

During the last Congress, the House Foreign Affairs Subcommittee on International Operations conducted a day-long hearing on the impact of the Mexico City Policy on the U.S. family planning program overseas. AID Assistant Administrator Richard Bissell could

not identify a single professional population or family planning organization, or any family planning service provider, that believes the policy serves the interests of the program. Nor could he say that the policy has led to fewer abortions worldwide. From his testimony and from subsequent statements heard that day, it became clear that the sole motivation for the policy was -- and still is -- domestic politics, while its effect is of little concern to the administration. This is understandable, considering accounts presented at the hearing about its true impact.

Testimony was heard from a family planning worker from Turkey, a country similar to some 65 other AID-recipient countries whose abortion laws or policies are less restrictive than the Mexico City Policy. She recounted several examples where distraught women who became pregnant as a result of contraceptive failure sought help at the U.S.-funded family planning clinic. The workers had to refuse the women any information about the option to obtain a safe, legal abortion, so the women relied on their own ingenuity to end their pregnancies. One drank poison. Another inserted a chicken feather into her uterus. They were lucky to survive. Nor surprisingly, however, these women and others in their villages will not soon return for any reason to the family planning program that turned its back on them. The former Director General of the Health Ministry of Turkey has observed that "abortion is accepted in Turkey as a woman's right. Yet in order to qualify for American money, we must ignore our own law."

Late last year, Mr. Chairman, an AID-commissioned evaluation of the implementation of the Mexico City Policy found that NGOs are in compliance with the policy, but that compliance has exacted a cost. The policy as implemented against NGOs has proven to be extraordinarily complex and confusing -- and unworkable. Some of the real-life dilemmas that the study team discovered obviously were not even anticipated in the administration's attempts to draw fine, legalistic distinctions here in Washington. For example, the policy provides no guidance to the physician in Kenya who asked the study team whether the policy allows him to refer a pregnant woman with AIDS for an abortion.

We realize, Mr. Chairman, that this issue is properly an authorizing committee matter. We raise it with this Subcommittee since there has not been an authorizing bill enacted into law since 1985. We raise it here because we believe that this policy is counterproductive to U.S. interests and because enough damage has been done to the health of women in the developing world. In spite of this policy, the incidence of abortion has not abated worldwide. The effect of the policy has been to drive women to dangerous, illegal abortion and away from family planning programs they cannot trust.

Continuing the U.S. boycott against UNFPA severely hinders the effort to promote prevention of an unwanted pregnancy before the question of abortion even arises. UNFPA is the single largest multilateral organization in the world providing family planning and population assistance to 140 developing countries. There is no substitute for UNFPA in many of the neediest countries of the world. For example, UNFPA works in twice as many countries in Sub-Saharan Africa as U.S. AID. If the U.S. is serious in its support for international family planning assistance, it must rejoin the community of nations to foster family planning, through UNFPA.

UNFPA is continuing to provide assistance to China primarily to build factories to produce modern contraceptives to reduce the incidence of abortion there. Whether or not one agrees with the president's initiative to renew political ties with China in the aftermath of the crackdown of the pro-democracy student uprisings, the president's comment that "you cannot ignore the largest country in the world does resonate in the politics of UNFPA. Certainly, it is arguable that it is even more difficult to ignore the largest country in the world when it is your mission to advance voluntary family planning.

President Bush's efforts to extend Most-Favored-Nation status to China is inconsistent with this position against refunding UNFPA because of coercive practices in China's family planning program. Last week, the House passed a foreign aid

appropriations bill containing $20 million for UNFPA to be used for contraceptives. The bill stated that if China is denied MFN status, UNFPA would not get the funds.

Referring again to President Bush's words when he served as U.S. Ambassador to the United Nations: "...major world problems like population and environmental protection will have to be handled by large and complex organizations representing many nations and many different points of view...Success in the population field, under United Nations leadership, may in turn, determine whether we can resolve successfully the other great question of peace, prosperity, and individual rights that face the world."

Conclusion and Recommendations

We strongly urge you, Mr. Chairman, to increase substantially the current appropriation for international population assistance to enable continued growth of the struggling family planning programs in Africa, Asia, and Latin America and to aid eastern Europe in establishing and promoting high quality, voluntary family planning programs. As a necessary corollary, we also submit that it is time to restore integrity to the U.S. program by reversing the Mexico City Policy and renewing support for UNFPA. Congress would do well to heed the words of then-Representative George Bush: "We need to take the sensationalism out of this topic so that it can no longer be used by militants who have no real knowledge of the voluntary nature of the program."

STATEMENT OF ROBERT O. BLAKE, CHAIRMAN, COMMITTEE ON AGRICULTURAL SUSTAINABILITY FOR DEVELOPING COUNTIES

Mr. Chairman,

I am Robert O. Blake, Chairman of the Committee on Agricultural Sustainability for Developing Countries. I appreciate the opportunity to offer testimony to your Committee regarding our views on appropriations in fiscal year 1992 for the Agency for International Development's agricultural development programs. As you may know, the Committee on Agricultural Sustainability for Developing Countries is a diverse coalition of United States environmental, development, and population organizations, international policy study institutes, private voluntary organizations, and distinguished academic and scientific advisors, all committed to promoting sustainable agricultural development. Our member organizations have a combined membership of 5 million supporters.

Summary of the Committee on Agricultural Sustainability's Recommendations. We request that your Committee, in its markup of AID's FY 1992 appropriations, take the following actions:

- appropriate $998 million for sustainable agriculture (see page 11 of this testimony);
- direct AID to use these funds principally for more collaborative projects for sustainable agricultural development (see page 4 of this testimony);
- prohibit AID from spending these funds for structural adjustment or for cash transfers for agricultural reform (see pages 4 and 5 of this testimony);
- appropriate $1 billion for the African Development Fund and specify that 10 percent of this amount be allocated to agricultural production and research (see page 11 of this testimony);
- appropriate $45 million for the international agricultural research centers under the Consultative Group on International Agricultural Research and require AID to urge the centers to direct more of their research activities towards solving the problems of sustainability (see page 7 of this testimony);
- appropriate $570 million for family planning and population programs including 10 percent of the funds appropriated for the African Development Fund (see page 3 of this testimony);
- protect funds appropriated for sustainable agriculture either through a carefully circumscribed functional sustainable agriculture account or by appropriate earmarking (see page 11 of this testimony).

Our proposal for AID expenditures in FY 1992 differs substantially in amount and purpose from the Administration's budget proposal. For example, AID's budget presentation requests $984 million for agricultural activities, as described on page 43 in Part II of AID's FY 1992 Congressional Presentation. Yet this proposal does not commit AID to actually spend this amount on agriculture in FY 1992 but rather only says that AID "plans to obligate" this sum.

Background and Rationale for Our Committee's Request. It is the view of our Committee that, in order to serve its fundamental national interests, the United States must substantially increase its efforts to help developing countries avoid the potential food production crisis now looming on the horizon. This should be done in part by dedicating funds to helping developing countries to create sustainable agricultural systems and to control their rapidly growing populations. Indeed, within the short period of 20 years, the world will be faced with the need to feed 40 percent more people, the great majority of them in developing countries. But the solution will be doubly difficult: Because of rapidly deteriorating systems of soil and water, this greatly increased quantity of food will globally have to be grown on up to 20 percent less arable land. Moreover, the pinch between rapidly growing populations and natural resource deterioration will, without decisive action, become even more difficult in the succeeding three or four decades before world population stabilizes. This stabilization should occur in the middle years of the 21st century at somewhere between 8 and 14 billion people.

Unfortunately, all this will take place in a world where up to 1 billion people, almost 20 percent of the global population, are already going to bed hungry.

We must not underestimate the physical and political difficulties of producing so much more food. Nor should we underestimate the global political and economic consequences if we fail.

There are some who suggest that the United States, and to a lesser extent Canada, the Common Market, and Australia, can provide a large part of the huge additional amounts of food which will be needed by developing countries -- mostly grains and vegetable oils, the principal bulk products that are easily transported and stored. But agricultural experts are quick to point out two real problems with this scenario: first, most of the poorer developing countries will find it difficult to generate the foreign exchange to pay to import such a large amount of food; second, it will be very hard to even begin to produce this much additional food without bringing into cultivation a large amount of easily degradable lands now being protected and, more generally, without creating environmental damage which could jeopardize global mid-and long-term food production potential.

The Need for Cooperative Efforts. There is growing consensus that the soundest solution for the developing countries is to very substantially increase their capacity to grow a large part of their additional food requirements. This they must do in a sustainable way if they are to avoid mortgaging their future. To do so will require major changes in most developing countries' agricultural systems. The major actors in such an effort will have to be the people of the developing countries themselves -- their government officials, their scientists, their businessmen and women, and most of all their farmers. But we in the United States and in other industrial countries must also play a major role in helping to bring about these changes.

Quite obviously the United States cannot and should not try to assume the entire burden of assisting developing countries to make these changes in their agricultural systems. Nevertheless, it is in our longer-range interests to devote a substantially higher percentage of our gross national product to cooperating with developing countries' efforts to solve their environmental problems and to closing the gap between the industrial and the developing nations. Helping developing countries to make the transition to agricultural sustainability is a vital part of such efforts. Accordingly we urge the Congress to move as rapidly as possible in the years ahead to meet the target of allocating 0.7 percent of our gross national product to development as earlier agreed by the OECD and its members.

U.S. Priority Programs for Sustainable Agricultural Development. Addressing the narrower problem of agricultural sustainability in developing countries, what should the United States do in the coming fiscal year? Our Committee believes that the first priority paradoxically lies outside the area of agriculture itself: We must give much greater support for family planning in developing countries. Stabilization of global population is the *sine qua non* for making development sustainable, very especially agricultural development. We accordingly agree with our member organizations that U.S. expenditure through AID on family planning and population programs should be increased to approximately $570 million for FY 1992 including allocations from the Development Fund for Africa.

The United States must also, we believe, continue through AID to increase its programs for health and education, although it is beyond the expertise of our Committee to suggest at what level.

For agricultural development, the Committee believes that, at this stage, the United States -- largely through AID -- should give strong support to the following activities:

- farmer-oriented agricultural research and development, both through modestly increased funding for the international agricultural research centers and for a larger number of collaborative programs between U.S. universities and scientific centers and corresponding institutions in developing countries;

- much more effective outreach and extension directly involving farmers through local organizations, American private voluntary organizations, and where practicable official extension systems;

- assistance to developing country governments in evaluating the sustainability of their agricultural systems from production to policy, and then in planning how to make programs sustainable;

- promotion of sustainable agricultural projects through U.S. private voluntary organizations and farmers' organizations; and

- promotion of activities which involve more active participation of women in designing and implementing sustainable agricultural programs.

These are areas of agricultural development through which we believe the United States can make a real, if still limited, contribution to the achievement of agricultural sustainability even in these times of budgetary stringency. U.S. contributions should be concentrated at this stage in the arena of human capacity building. We are convinced that this is an area of particularly strong and widely recognized U.S. comparative advantage. Here we can fortunately rely on excellent American institutions -- experienced private voluntary organizations, universities, and scientific organizations. The United States is especially strong in its capacity to work cooperatively with developing countries on agricultural production and productivity, the bed-rock of broader development and of any successful attack on rural poverty. Such programs are also relatively inexpensive.

Recommended Redirections and Reallocations in AID. Given these Committee-supported objectives, what in contrast does the Committee believe that the United States -- and AID -- should not be financing at this time? We urge the Congress not to authorize or appropriate funds for:

- cash transfers for structural adjustment and policy reform. AID does not have sufficient funds or the political leverage to make such programs work and should not pursue programs in which it lacks a comparative advantage;

- expenditures on major rural infrastructure. These are areas of agricultural development best carried out at this time by the World Bank and the regional development banks; and

- major investments in food processing industries and other business infrastructure investments which we believe are best left to the private sector.

The Need for Congressional Directives. The Committee insists on the importance of Congress' giving strong direction to AID for what it should (and should not) do. Taking agriculture as an example, except in a limited number of areas AID's recent record is not at all what Congress had indicated that it should be -- or could be. Not only has AID not set in motion the quantity and quality contribution to agricultural sustainability that the United States could and should make; not only has it lowered its total contribution to agricultural development of the kinds that Congress, through its authorizing and appropriating legislation, has mandated; but it has also too often used funds allocated for agricultural development to finance efforts which make little or no contribution to agricultural sustainability. On these points the details are important:

- AID has recently redefined its objectives to downgrade and largely eliminate emphasis on agricultural development. In fact only through AID's declared support for environmental initiatives, an objective which we of course support, does there appear to be policy access to achieving agricultural objectives.

- AID is continuing to decrease its total contribution to agriculture, particularly to production agriculture.

- In too many countries, AID has abandoned support for production agriculture in favor of support for agricultural processing businesses (often for big producers) on the grounds that this involves support for "the private sector." But AID defines this sector so narrowly that it doesn't seem to include work with private local organizations or help to small farmers, the very basis of a private enterprise system in the Committee's view.

- AID has discouraged its field missions from undertaking agricultural institution building, new efforts at agricultural research and extension, and most rural programs which require long gestation.

- AID is decreasing its total assistance to agricultural research and technology generation and dissemination.

- AID is allowing its once-unrivaled agricultural technical staff to disappear without replacement.

- AID is rapidly losing its leadership on agricultural development within the development community. This is regrettable because through this leadership AID was, over many years, able to secure from other development agencies important support for U.S. agricultural programs and for U.S. policy objectives.

- AID has cut its support for many very successful agricultural production efforts carried on through U.S. private voluntary organizations.

- AID has downgraded earlier efforts to build strong rural organizations despite some good research efforts in this regard.

- AID has increasingly encouraged its field missions to support with cash transfers economic policy reform and structural adjustment programs, largely to the

detriment of programs to build the capacities of developing countries to meet the challenges of sustainable development.

We do not wish to give the impression that AID's record in agriculture is all bad. There is still much that is unique and valuable, and which must be protected as the best we have. We would cite the Collaborative Research Support Programs (CRSPs) involving close cooperation between a large number of U.S. universities and scientific institutions and their counterparts in developing countries. We note particularly the Congressionally-mandated sustainable agriculture CRSP (SANREM) which is just getting off the ground and must receive continuing Congressional protection. The CRSPs demonstrate the importance of science and technology to sustainable economic growth. They have shown how it is possible to effectively help the developing world and return benefits to U.S. agriculture. And yet, over the years, the CRSPs have received continual AID budget cuts. Last year, thanks to Congressional 1991 appropriations report language, it was possible to persuade AID to restore some of these cuts. By Congressional directive, the 1991 increase was applied to strengthen program components related to sustainable agriculture and natural resources management. The gains made last year must be protected in 1992.

There are also a number of very valuable AID programs in natural resource management and environmental protection, some quite directly connected with agricultural development. These should be expanded.

AID Support for International Agricultural Research. AID continues to provide substantial if decreasing support for the international agricultural research centers, many but not all of which are organized under the aegis of the Consultative Group for International Agricultural Research. This is very important. Unfortunately the Administration has requested only $40 million in funding for those institutions in FY 1992. This represents both an absolute decrease of $2 million from funds appropriated in 1991 and a failure even to compensate for inflation. In view of the growing responsibilities that the United States is urging the centers to take on, this cut should be restored and funds should be added to bring the total for the centers to at least $45 million. Further, because the agenda and responsibilities of these organizations, particularly for natural resource management and protection, are growing so rapidly, Congress should anticipate well-justified demands for substantially increased support for the best of these organizations in the coming decade.

To help accent present positive trends, Congress should adopt report language encouraging AID to urge the centers to move more quickly toward a biologically-based systems approach to research, coupled with many more on-farm trials and education efforts involving local NGOs and farmers as active participants.

AID Support for Agricultural Outreach and Extension. Equally as important as research are efforts to work with farmers on the development and replication of better agricultural plants and methods. Research is of little value if it doesn't reach the farmer. Sometimes this can be done through government-supported extension systems. But in too many countries, such systems are too weak to provide the urgent help farmers need. Often the answer is to strengthen and utilize the farmers' own organizations. AID should be dedicating much greater efforts to developing the most workable system of communication and information dissemination. In many developing countries there is enough useful information available. What is needed is to bring that information to farmers in a way that convinces them that they should make necessary changes.

AID's Move Away from Congressionally-Mandated Agricultural Programs. You can see that our Committee believes that despite some very good efforts in recent years, AID in its actions, its requests for funds, and its expenditures has moved in the wrong direction. It has moved away from the solidly-based collaborative programs for family planning, agriculture, health, and education called for in the Foreign Assistance Act. Instead more and more attention is being devoted either to programs with domestic political appeal and, we believe, doubtful impact on poverty reduction, or to programs aimed at shoring up immediate U.S. security interests abroad.

In the process AID has increasingly ignored Congressional mandates contained in appropriation legislation report language and has sought to spend AID funds pretty much as it wishes. For example, last year this Committee requested that the Congress modestly increase funding for agricultural development, which the Congress did. Unfortunately, in the past fiscal year AID diverted most of these funds from agricultural production and research to cash transfers to countries for structural adjustment and budgetary support, reportedly prorating them on the basis of the percentage of gross national product that agriculture enjoyed in the economy of the particular countries where U.S. political and security interests needed to be served.

AID Objectives in the Recently Submitted Foreign AID Revision. We fear that this is not the end: If the Administration has its way, the trend away from poverty reduction and natural resource protection oriented development and toward political and security oriented programs could become more drastic. Under draft legislation recently submitted by the Administration to replace the present Foreign Assistance Act, functional accounts would be abolished and AID would be freer to spend funds as it sees fit. The suggested objectives under the draft legislation would be promoting and consolidating democratic values, promoting market principles and strengthening competitiveness, promoting peace, protecting against transnational threats (of which environmental degradation is one), and meeting humanitarian needs. The words "agricultural development" and "sustainability" hardly appear in the draft legislation. And although this has not been spelled out very succinctly, the Administration has let it be known through the State Department and AID that in this period of budget stringency it intends to increasingly utilize AID funds not for developmental purposes but to serve what the Administration considers to be the vital American political and security interests of the moment.

We recognize the need for the United States, as a power with a global reach, to have funds at its disposal to meet its vital short term political and security needs. But we argue that serving this purpose must not be at the expense of longer range national interests in building and nurturing the kinds of collaborative efforts with developing countries which serve to strengthen their ability to cooperate with us in the management of truly global problems and, at the same time, to serve our own needs. Programs to serve these ends strengthen our own institutions as well as our scientific and technological capacity. They are, relative to many security oriented expenditures, low in cost and high in return. Experts have called these programs the best and most lasting legacy that AID has left in country after country. Such programs do, however, require uninterrupted support for many years to attain their full value.

The Need for a New Framework for Collaboration with Developing Countries. It is for these reasons that the Committee on Agricultural Sustainability believes the time has come for

real change. We have urged the Senate Foreign Relations Committee and the House Foreign Affairs Committee, as authorizing Committees, to take bold steps, as they consider revising the Foreign Assistance Act, to provide a whole new framework for much of U.S. efforts to work with developing countries. These efforts should be based not on a donor-client relationship but on cooperation among equals for mutual advantage. Without going into detail in this letter, we share the views of three panels of distinguished Americans, the Phoenix Group which published its findings in 1989, the Congressional Caucus' Environment and Energy Study Institute's panel headed by Gus Speth, and Dr. Edward Schuh's panel sponsored by AID's Board on International Food and Agricultural Development and Economic Cooperation (BIFADEC). The reports of all these groups urge that a new entity be created precisely to organize, administer, and nurture collaborative efforts between the U.S. and developing countries. Such an entity should be financially and, at least to some extent, administratively autonomous from the main operational activities of AID, although closely coordinated with those activities at both the AID-field mission and AID-Washington levels.

For our Committee the details of exactly how such a structure would be organized -- in one or more institutes or foundations, with what amount of participation in its policy formulation by representatives from outside the U.S. Government, with what structural relation to AID and the State Department -- are important but can best be left to Congressional determination. We believe that such cooperative relationships should be aimed at specific projects and not involve substantial cash transfers, should aim at establishing long-term relationships, should provide for funding by all parties, and should be administered not by a large bureaucracy but to a great extent by the parties involved. Many new programs which serve these purposes -- and not just in agriculture -- should come under this umbrella.

AID's FY 1992 Objectives. All this should be seen against the background of what the Administration says it seeks to achieve. As I previously indicated, AID identifies agriculture secondarily as "an area of continuing program and policy emphasis" but not an area of "special concern," their highest priority. According to its FY 1992 budget request, AID "plans to obligate" an estimated $984 million to fund agricultural activities. But it obviously does not want to commit itself in this regard. In the interest of gaining flexibility, AID has further requested that the traditional functional accounts be replaced by a Development Programs account -- a single non-functional account for use worldwide. In agriculture, AID has proposed that Development Assistance, Development Fund for Africa, Economic Support Fund, and Special Assistance Initiative resources be allocated to support six program objectives it considers key, programs about which we have reservations in some cases:

- agricultural services (this category very particularly includes growing AID support for agribusiness services, typically -- and more appropriately -- provided by the private sector except for those aimed at helping small farmers);

- technology development (much of which is undertaken by the U.S. university community and the international agricultural research centers);

- economic planning and agricultural policy reform (including structural adjustment which, as we have

indicated, is not a function to which AID's structures lend themselves);

- rural infrastructure, including rural roads (again, except for roads and bridges which support and expand markets for agricultural products or gain access to inputs. These projects are, in our view, more appropriate for financing by the World Bank and the regional development banks);

- natural resource development, especially soil and water conservation (this we fully support); and

- activities designed to encourage more efficient land use and land productivity, the parameters of which are not clear to us.

All this leads us to the unhappy conclusion that AID is largely unresponsive to the urgent need for a heavy focus on making agriculture sustainable. To the contrary, AID appears determined to devote fewer and fewer resources to agriculture. We believe that this trend in AID's thinking and actions is dead wrong and must be reversed by determined action by Congress. We are convinced that unless and until it is reorganized, AID's primary role must remain that of a development agency, that its accountability to the objectives enunciated by Congress must be maintained, and that the continuity of programs for sustainable production agriculture must be guaranteed by stern Congressional action and oversight.

The Committee's Recommendations for FY 1992 Appropriations for AID's Agricultural Development. It is with these considerations in mind that the Committee on Agricultural Sustainability urges the Congress, as indicated in the summary on pages 1 and 2, to appropriate $998 million for collaborative efforts in support of agricultural development plus $1 billion for the African Development Fund, with 10 percent of that amount to be spent for agricultural production and research. We also encourage Congress to carefully circumscribe the use of these funds. We believe that the Committee should introduce language which would mandate the pursuit of collaborative efforts in support of sustainable agricultural development to be carried out between U.S. universities, scientific organizations, private voluntary organizations, and other American organizations with effective sister organizations in developing countries. This category can include research and development, exchanges, training, education, and extension activities. Activities under this functional description could also include government-to-government training, institution building, and extension activities aimed at improving the capacity of developing country governments to support efforts to analyze, plan for, and carry out action programs to promote agricultural sustainability. Other activities to be included would be efforts to support sustainable agricultural production, the protection and proper management of the natural resources required by agriculture, and other environmental and natural resource projects in support of agricultural sustainability.

As stated on pages 4 and 5, we urge Congress to make it clear that funds appropriated for AID's agricultural development should not be expended for cash transfers for structural adjustment or agricultural reform. Nor should they be spent for major rural infrastructure development, except as such activities are minor components of programs clearly aimed at sustainable agricultural development.

We also urge the Congress to very specifically require AID to analyze all its agricultural development activities, not only

for environmental soundness as is now mandated, but also to assure that they contribute directly to the achievement of agricultural sustainability.

From the Committee's viewpoint, requesting the establishment of a specific functional account or the earmarking of funds for collaborative activities in agricultural development is far from ideal. We look forward to the time when funds for such activities can by other means, including the reorganization of AID that we propose, be legally and organizationally shielded from being siphoned off for purposes other than sustainable agricultural development. We look forward even more eagerly to the time when the United States will be in the position to make a much greater contribution to collaborative efforts with developing countries and to helping them achieve agricultural sustainability -- both at a high enough level to feed their growing millions and in time to avoid the terrible potential political and humanitarian consequences of failure.

STATEMENT OF RICHARD L. WITTENBERG, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AMERICAN ASSOCIATION FOR WORLD HEALTH

Mr Chairman,

I am grateful for the opportunity to appear before you today to testify in support of World Health Organization (WHO) extrabudgetary programs.

My testimony represents the views of a number of national organizations concerned with health:

American Association for World Health

American Public Health Association

Association of Schools of Public Health

In response to Member State concerns about budget growth, the World Health Organization has in recent years been operating under a no-growth regular budget. The regular budget is financed by assessed contributions from Member States. In fact, as costs have increased and have been absorbed, there has been negative program growth. At the same time, there is increasing demand for WHO assistance. WHO has responded by financing growing program needs from extrabudgetary resources which come to the Organization as voluntary contributions from bilateral assistance agencies (e.g. AID), foundations, etc.

A number of programs of interest to this Subcommittee are primarily funded by extrabudgetary resources: the Global Program on AIDS (GPA); the Onchocerciasis Control Program in West Africa (OCP); the Expanded Program on Immunization (EPI); Diarrheal Diseases Control (CDD); Control of Acute Respiratory Infections (ARI); the Special Program for Research and Training in Tropical Diseases (TDR); and the Program on Substance Abuse (PSA). A table is annexed to this testimony showing the 1990-1991 biennial budgets of these programs and the extrabudgetary resources provided by the United States.

U.S. support for WHO's extrabudgetary programs comes through the Agency for International Development (AID). The WHO programs funded by AID complement the Agency's bilateral activities and often involve WHO/AID collaboration in the field. However,

WHO's extrabudgetary programs also cover areas not covered by AID, both in terms of technical development and geographical scope.

WHO works in all countries of the world, both developed and developing nations, using multilateral funds and international expertise, subject to oversight by the World Health Assembly composed of 166 Member States. WHO sets global policies and coordinates global action, facilitates international collaboration, strengthens government efforts through direct technical and financial support and supports international research.

A comprehensive response to health development needs requires support for both the multilateral and the bilateral components. The leadership and coordinating role of WHO cannot be fulfilled by any other agency. Support for WHO's extrabudgetary programs is critical to the success of child survival programs and efforts to improve the health of populations - so necessary for development.

GLOBAL PROGRAM ON AIDS

FY 1991 Appropriation	$23 million
FY 1991 Administration Request	$25 million
FY 1992 Requirement	$30 million

The World Health Organization's Global Program on AIDS (GPA) directs and coordinates the global response to AIDS. GPA provides global leadership, delivers technical and financial support for national AIDS programs around the world, strengthens international AIDS research, and helps ensure a coordinated global response to the AIDS pandemic.

As of April 1991, over 345 000 AIDS cases have been reported to WHO. But, because of under-recognition, under-reporting, and delays in reporting, WHO estimates that over 1 million adult AIDS cases may have occurred. Also as of late 1990, WHO estimates that at least 8 to 10 million HIV infections in adults have occurred worldwide.

In addition, as of late 1990 over 400 000 pediatric AIDS cases as a result of perinatal transmission are estimated to have occurred, with over 90% of this total in sub-Saharan Africa. Thus, the cumulative total of global AIDS cases as of early 1991 is over 1.4 million.

Virtually all short-term (less than 5 years) projections predict that AIDS cases will at least double or triple in most areas of the world. Projections more than 5 years in the future are difficult to make, but WHO's projections indicate that by the year 2000 there will be a cumulative total of 25 to 30 million HIV infected persons and from 5 to 6 million cumulative AIDS cases.

AIDS during the 1990s will have a very selective and severe impact on adult and child mortality rates in many areas of the world. In addition, the socio-economic impact of the disease will have repercussions in all sectors.

In Sub-Saharan Africa the situation is the most dramatic. In 1987, WHO estimated that about 2.5 million HIV infections had occurred, mostly in towns and cities. Today, with the epidemic affecting the rural areas too, WHO's conservative estimate is that the total number of HIV infections has reached close to 6 million. From the outset, the virus has spread mainly through sex between men and women. As a result, in some large urban centers of Eastern and Central Africa, as many as a third of all men and women under 50 years old are now estimated to be infected. Mother-to-child transmission has produced three-quarters of a million of infected newborns, and the cumulative total is expected to rise to ten million or more by the year 2000. In addition, many more babies born to seropositive women will escape HIV infection but will lose their mothers to AIDS. WHO estimates that during the 1990s over ten million such orphans will need to be fed, clothed, sheltered and educated.

What these dry statistics mean in human terms is almost unimaginable for those who have not seen the African pandemic at first hand. Elderly people are being left without support as their grown children sicken and die. What remains of the extended family struggles to take care of the growing number of orphans, but many are abandoned. In the hardest hit areas, whole families and even villages are becoming extinct. Among the survivors, activities typically come to a complete halt once a week or more for funerals, as the community mourns its dead. Health services are overwhelmed: in some places, up to 40% of all hospital beds are occupied by people with HIV-related disease. Countries are losing their most productive workers - men and women in the prime of life who were the mainstays of agriculture, industry, commerce, education, health. Economic and even political destabilization is feared as a result of the epidemic's selective impact on young and middle-aged adults, who include members of the social, economic and political elites.

Make no mistake about it. Those parts of the world which have been spared such consequences thus far are living on borrowed time. By the time HIV infection is identified in a group of persons with high-risk behavior, such as drug injecting or frequent exchange of sexual partners, the virus has often already spread to another high-risk group or to the general population. Countries in Asia and in the Western Hemisphere need to act now, immediately, if they are to avert the consequences of a runaway epidemic.

The global effort against AIDS is designed to help countries do just this. The aim is to prevent the spread of HIV, reduce the personal and social consequences of infection, and unify national and international action to stem the pandemic. In partnership with WHO, some 130 countries have drawn up short- or medium-term plans, and 34 countries have reached the stage of evaluating their national AIDS control programs. These reviews have shown that most national programs have carried out activities in the area of health education and information campaigns, condom distribution, counseling, patient care, blood transfusion, laboratory services, and the control of sexually transmitted diseases. Few have as yet had a substantial impact, but this is not surprising as most have been in existence for only a few years.

Is enough being done? Will current efforts suffice to slow the pandemic down from its current growth of more than 4000 new HIV infections a day? The answer is no. More must be done to accelerate biomedical research. Another top priority is to plan now for the disruptive social and economic consequences of the pandemic, including the care of orphans and the depletion of the workforce. Above all, national AIDS programs need to be strengthened technically, managerially, and financially if the pandemic is to be brought under control. Programs need to have the proper mix of activities. In some countries emphasis will have to be given to interrupting the spread of HIV through blood transfusions, in others to interrupting transmission through drug injecting. All countries need to give priority to interventions for preventing sexual transmission, both heterosexual and from man to man. Similarly, all need to concentrate on early diagnosis and treatment of other sexually transmitted diseases, which act to increase the risk of HIV infection. A particularly critical part of strengthening national programs is to ensure that community and grass-roots organizations are fully involved in the health and social response to AIDS, and that they receive appropriate funding for this purpose.

GPA expenditures have increased from $20 million in 1986/87 to $75 million in 1990. In the period 1986-1990, 70% of GPA resources was used in support of national AIDS programs; 17% was used for global activities including vaccine research, surveillance, information exchange and policy and guideline development; 13% was used to finance administrative activities related to GPA.

The Global Program on AIDS will require support totaling $96 million in 1992. With these resources, GPA will continue to:

- provide global leadership - responding to global needs and new technologies;
- identify and evaluate critical interventions in HIV/AIDS prevention and care;

- deliver technical and financial support to national AIDS programs throughout the world;
- develop and accelerate vital AIDS research - vaccine- related, epidemiological, social and behavioral;
- extend its partnership with nongovernmental and private voluntary organizations, with bilateral development assistance agencies, and with other international organizations.

AID has been requested to provide GPA with $30 million in FY 1992. This is $5 million above the administration request, but represents the proportion of the GPA budget which has previously been provided by the U.S.

ONCHOCERCIASIS CONTROL PROGRAM IN WEST AFRICA

FY 1991 Appropriation	$5 million*
FY 1992 Administration Request	-
FY 1992 Requirement	$4 million

* for all activities relating to onchocerciasis (river blindness); from this amount OCP will receive $2.5 million

The objective of the Onchocerciasis Control Program in West Africa (OCP) is to eliminate river blindness as a disease of public health and socioeconomic importance in an 11 country area and to ensure that the beneficiary countries are in a position to safeguard this achievement. OCP is co-sponsored by WHO, UNDP, FAO and the World Bank. WHO is the executing agency. OCP is supported by 24 donors, of which AID is one.

River blindness is caused by a parasitic worm which lives for up to 14 years in the human body. This adult worm produces millions of microscopic infant worms which migrate throughout the body causing debilitation, disfiguration, and eventually blindness. The vector for the disease is a savanna blackfly which transmits the infant worm from an infected person to others where it may develop into adulthood and reproduce. OCP's principal means of controlling river blindness is to break the cycle by killing the larvae of the blackfly, hence preventing transmission of the disease. Blackfly larvae are destroyed through aerial spraying of breeding sites in fast-flowing rivers. This "vector control" method employs only environmentally safe insecticides which have been screened by an independent committee of internationally recognized ecologists. Once the cycle of river blindness has been interrupted for at least 14 years, the reservoir of adult worms dies out in the human population, thus eliminating the source of the disease.

OCP is employing a new drug, ivermectin, to complement vector control operations. Although ivermectin has no impact on the adult worm and does not prevent transmission, it kills the infant worms which cause debilitation and blindness. OCP is utilizing ivermectin to alleviate symptoms and reduce the risk of impending blindness in heavily infected communities, while relying on vector control to halt transmission and eliminate the adult worm reservoir in the human population over the long term. Meanwhile, OCP is continuing to support research to find a safe and effective drug which will kill the adult worm.

OCP's impact to date can be summarized as follows. More than 30 million people are now protected from river blindness transmission. About 7 million children born since OCP's inception are free of any risk of contracting the disease. Over 1 million people who were once seriously infected have completely recovered and have no trace of the parasite. OCP has prevented an estimated 100 000 cases of blindness. Successful control has freed up 15 million hectares of tillable land for resettlement and cultivation.

By the end of 1997 it is estimated that a total of 2 million persons will have been spared the disease and 150 000 cases of blindness will have been prevented. During the period 1992-1997 another 6 to 7 million children will be born in the OCP areas, bringing the total number of children growing up free of the risk of the disease to 15 to 16 million. An additional 10 million hectares of tillable riverain land will be made available in this period. Thus the total land freed since the start of OCP will be 25 million hectares, an area potentially capable of feeding 17 million people using traditional technologies and agricultural practices.

OCP is expected to continue operations up to the year 2004, at which time the human parasite reservoir will be eliminated. If a safe and effective drug to kill the adult worm is discovered before then, the operations could be terminated earlier.

Regarding funding, OCP is fully financed until 1992, when the next six-year plan begins. Preliminary expenditure estimates to carry out this six-year plan are $185 million. AID has been requested to provide OCP $24 million over the six-year period 1992-1997, or $4 million per year. This amounts to a $3 million increase over the previous six-year period 1986-1991, or a $500 000 average increase per year.

EXPANDED PROGRAM ON IMMUNIZATION

FY 1991 Contribution	$0.3 million
FY 1992 Requirement	$0.5 million

The Expanded Program on Immunization (EPI) provides global direction for and coordination of primary health care and immunization programs. EPI develops the global immunization strategies which enable UNICEF, AID, other bilaterals, nongovernmental organizations, and governments to implement effective immunization programs.

As EPI enters the decade of the 1990s, new challenges and demands must be faced. In the 15 years since it began, EPI has supported Member States to raise the overall immunization rate for children in the developing world from under 5% to 80%. The achievements of these past 15 years, in terms of staff trained, infrastructure developed and extended, and immunization coverage attained, must be reinforced, particularly if the new targets established by the World Health Assembly are to be met. Nearly all countries of the world now provide immunization services against the current six EPI target diseases:

• diphtheria	• measles	• poliomyelitis
• tetanus	• tuberculosis	• whooping cough

Developing these immunization services has called for a massive investment in the mother and child health care infrastructure in these countries, an infrastructure which now makes possible over 500 million health contacts each year and through which other health initiatives for the benefit of women and children should be delivered. But there is still a long way to go. Each year there are still some 2 600 000 childhood deaths - from these diseases for which there are vaccines available and at low cost - and nearly 190 000 cases of paralytic polio, all of which could have been prevented by immunization.

The last 15 years have shown that:

- modest investments in WHO over the years have multiplied many-fold the effectiveness of the resources invested in immunization services;
- it is possible to reach nearly all children with immunization services;
- the accomplishments of EPI have been largely an outcome of its emphasis on human resource development, and the over 500 000 people trained are a solid core of primary health care workers;

- advances in logistics and in cold-chain technology have allowed access to the most remote communities under difficult terrain and climatic conditions;
- the expansion of immunization services provides opportunities for a variety of other health interventions, such as supplementation of Vitamin A and iodine, and promotion of better child-spacing and safe motherhood;
- improved vaccines have made immunizations more reliable, and new vaccines will soon be available to join in the fight for disease prevention and control; and
- it is possible to eradicate a disease from the face of the earth, as was shown by the 13-year effort which successfully eradicated smallpox.

EPI promotes extremely cost-effective interventions. Disease prevention through immunization reduces not only deaths, but also the need for lengthy, expensive curative and rehabilitative care. A recent World Bank study on the relative cost-effectiveness of various interventions places most immunization activities in the highest cost-effective bracket.

EPI also contributes to the building up of the health infrastructure from which many other health interventions can be promoted more effectively and efficiently. The three disease control initiatives (eradication of polio, elimination of neonatal tetanus, and reduction of measles) are cost effective when they are launched from this established immunization infrastructure. WHO estimates that the supplemental cost of eliminating neonatal tetanus is roughly $1 per woman immunized. The supplemental cost of increasing coverage with measles vaccine (primarily through social mobilization and training to avoid "missed opportunities" to immunize) falls below $1 per child. Finally, polio eradication, which is more expensive in the short term, would save developing and developed countries millions of dollars each year once the disease is eradicated, since their Governments will be spared the cost of vaccine production and handling, vaccination and the rehabilitation of persons paralyzed by the disease.

The estimated total extrabudgetary requirements for EPI globally for 1992 are $16.94 million. AID has just signed a Grant Agreement for support to EPI by a contribution of $300 000 in FY 1991. It is hoped that the US will increase its contribution to EPI in FY 1992.

For 15 years now, WHO's Expanded Program on Immunization has exercised dynamic leadership in this field, and we need the best technical, strategic and planning leadership WHO can provide to meet the challenges of the 1990s for ever-improving child survival. The U.S. should join the donor community and play its full part in supporting EPI.

DIARRHEAL DISEASES CONTROL

FY 1991 Contribution	$1 million
FY 1992 Requirement	$1 million

Diarrheal diseases continue to be one of the two leading causes of death in children less than five years. It is estimated that in 1990 they accounted for almost three million deaths, most of which could have been prevented through simple appropriate treatment. In addition, the 1.4 billion episodes of diarrhea occurring in this age group annually are a major contributing factor to malnutrition.

Diarrheal diseases are one of the major contributors to malnutrition and place a serious burden on health facilities in developing countries, often accounting for 30% or more of admissions to children's hospitals as well as a high proportion of visits to out-patient facilities. This represents a serious financial burden on already strained government health budgets.

Against this background WHO, in collaboration with the multinational and bilateral agencies, including AID, in 1978 established the global Diarrheal Diseases Control Program (CDD). The objectives and strategies of CDD are:

- to reduce mortality by the appropriate treatment of acute diarrhea using rehydration therapy, antibiotics in the few cases that require them and the education of mothers on appropriate feeding of children during diarrhea and in convalescence;

- to reduce mortality and morbidity by encouraging improved nutritional practices, especially prolonged breast-feeding and proper weaning, and better environmental health practices, especially the liberal use of safe water and its protection from contamination in the home, hygienic disposal of excreta and hand-washing.

Since its inception CDD has adopted a dual action/research approach as the best means of achieving its objectives, and thus has been built on two components:

- a services (or control) component, which is concerned with the planning, implementation and evaluation of national diarrheal control programs as part of country health programs, in the context of primary health care, and which includes a strong emphasis on transfer of available knowledge and skills to national staff through training in program management and patient care; and

- a research component, which is concerned with the promotion, support and evaluation of research to improve existing interventions and develop new control tools and approaches for application in countries.

CDD's achievements in the 1980s have been impressive. 99% of the world's population now live in countries which have initiated diarrheal disease control programs. CDD has developed a broad range of training and evaluation materials which have been widely used. It is estimated that at the end of 1990 almost two-thirds of the developing world population had access to oral rehydration salts (compared with just 5% in 1983) and that one in three episodes of diarrhea was treated with oral rehydration therapy (compared with one in eight in 1984). Hundreds of thousands of health workers have been trained in diarrhea case management. It is estimated that through these efforts almost 1 million diarrhea deaths were averted in 1990.

Important advances have also been made in research into improved treatment and the development of interventions to prevent diarrhea, including vaccines.

In FY 1990 CDD received $1 million from the Agency for International Development. This amount represented almost 10% of CDD's resources in 1990 and was used predominantly for research activities as requested by the Agency. It is expected that AID will contribute $1 million also in FY 1991, and a similar sum will be requested for 1992. An increase in the level of funding to CDD would allow it to broaden and intensify its activities.

CONTROL OF ACUTE RESPIRATORY INFECTIONS

FY 1991 Contribution	$ 0
FY 1992 Requirement	$1 million

It is a widely recognized fact that most childhood deaths occurring each year in developing countries (12.9 million in 1990) are preventable. What is less known is that nearly one-third of these deaths, more than 4 million, are caused by acute respiratory infections, in particular pneumonia. In addition, these children suffer between 4 and 8 episodes of acute respiratory infection a year. The burden this imposes on the under-financed and over-stretched health services is enormous. Between 30% and 60% of pediatric consultations at health facilities and between 30% and 40% of admissions to hospitals are attributable to acute respiratory infections.

The international health community, led by the World Health Organization, now regards the control of these infections as an essential component of primary health care systems since they are one of the most important causes of sickness and death among children throughout the world.

The principal objective of WHO's Program for the Control of Acute Respiratory Infections (ARI) is to reduce mortality. Another objective is to prevent the incidence of disease, especially pneumonia. ARI is carried out in partnership with UNICEF and the United Nations Development Program (UNDP), and with the active support of other agencies for international collaboration.

Deaths from pneumonia can be prevented by early detection of danger signs and treatment with an appropriate, inexpensive oral antibiotic. More severe cases require hospitalization, injectable antibiotics and oxygen. The main focus of ARI is to collaborate with developing countries in bringing these measures within reach of all children who need them. Since preventing deaths requires timely treatment, mothers and other relatives who take care of children must be taught how to recognize danger signs, and when and where to seek treatment.

ARI activities include:

- simplified standard diagnosis and treatment guidelines, which can be applied in places where doctors are not available, have been designed and widely distributed;
- a large range of training materials have been prepared and numerous courses held in many developing countries for program managers and health workers;
- communication messages addressed to mothers are being developed based on careful ethnographic research, and the most appropriate media for their dissemination are being explored;
- efforts are being made, in coordination with the WHO Essential Drugs Program, to ensure the supply of the needed antibiotics for the treatment of pneumonia in children; (at the same time the Program discourages the use of antibiotics for mild acute respiratory infections, and the use of most cough and cold medicines which are useless and waste the scarce resources of developing countries);
- evaluation methods are being developed to determine progress in national control programs.

ARI also supports active research efforts in the search for further improvements in the means of recognizing and treating acute respiratory infections in children, for strategies to promote early recognition of pneumonia by mothers, and for effective preventive measures. These include new vaccines against the main causes of pneumonia.

Up to now 47 developing countries have initiated control programs following the WHO guidelines. Most of these programs are at an early stage, covering a few provinces or areas of the country, and therefore much remains to be done. Great hope is being placed in financial cooperation from industrialized countries to accelerate the development and implementation of the program in developing countries, especially those with high infant mortality rates. In order to increase awareness and attract international support a conference on the control of ARI is being held in Washington in December 1991.

In FY 1989 ARI received a small contribution ($56 400) from the Agency for International Development to fund the expenses of an international seminar in Douala, Cameroon for English-speaking African countries. No contribution was made in FY 1990, and currently no contribution is expected in FY 1991. It is hoped, however, that the Agency for International

Development will make a contribution to ARI in FY 1992, on the order of the $1 million contribution made annually to CDD.

SPECIAL PROGRAM FOR RESEARCH AND TRAINING IN TROPICAL DISEASES

FY 1991 Contribution	$2.5 million
FY 1992 Requirement	$3.5 million

The Special Program for Research and Training in Tropical Diseases (TDR) was established in 1975 with two independent objectives:

- to develop new methods of preventing, diagnosing and treating selected tropical diseases, methods that would be applicable, acceptable and affordable by developing countries, require minimal skills or supervision and be readily integrated into the health services of these countries;
- to strengthen - through training in biomedical social sciences and through support to institutions - the capability of developing endemic countries to undertake the research required to develop these new disease control technologies.

TDR's activities are targeted towards six disease groups: malaria, schistosomiasis, filariasis (including onchocerciasis or river blindness), the trypanosomiases (both African sleeping sickness and the American form, Chagas disease), leishmaniases and leprosy.

TDR is co-sponsored by WHO, UNDP, and the World Bank. WHO is the executing agency.

Tropical diseases cause about half of the world's illness - they infect almost 500 million people worldwide, mostly in developing countries. Progress in controlling these diseases has been hampered by inadequate research funding, poverty and economic upheaval in many of the affected countries, and by the development of resistance to drugs and insecticides used to control the infections. As a result, diseases such as malaria, lymphatic filariasis and leishmaniasis continue to spread, bringing misery, disfiguration and death to millions in developing countries. Malaria is the most important of these diseases and is one of the greatest killers of children in Africa. Drug-resistant malaria is a threat to travellers, including business travellers and tourists from the United States, to developing countries. These diseases exact a heavy social and economic toll that the poorest countries cannot afford; when not causing death, they result in debilitation and can lead to disfigurement, such as blindness, loss of limbs and elephantiasis - bloating of legs and other tissues. The economic losses from these diseases are great, not only in income lost as a result of illness and expenditures incurred seeking cures, but in the economic burden on society from the impairment of potentially productive individuals.

Despite an overall bleak picture, some progress has been made in recent years. Multi-drug therapy for leprosy is resulting in decreases in the number of registered leprosy patients. The new drug ivermectin and chemical and biological pesticides offer hope for areas infected by river blindness in Africa and Latin America. Another new drug, praziquantel, is effective against schistosomiasis. Other technologies which show considerable promise include insecticidal paints and fumigant canisters against the vector of Chagas disease in Latin America and the use of bednets to reduce childhood mortality from malaria.

These and other new technologies show what can be achieved by the application of modern biomedical sciences to tropical diseases. Despite the progress made, much remains to be done and funding for research and development of new disease control tools remains inadequate. TDR is actively pursuing research and development of new and improved drugs, vaccines, diagnostic tests and vector control methods against the six major groups of tropical diseases, mentioned above, and is assisting developing countries to strengthen their research capacities on those diseases.

In FY 1990 TDR received $2.5 million from the Agency for International Development. This amount represented only about 8% of contributions to TDR in 1990. Yet TDR actually spends considerably more every year to finance research at U.S. institutions, including a number of agencies of the U.S. government. In FY 1991 TDR has requested AID to increase its contribution to $3.5 million.

The Tropical Disease Research Program is now entering a critical phase. Additional resources are required to translate research results - such as the insecticidal paints, fumigant canisters and bednets mentioned above - into usable disease control products. Product development is TDR's highest priority at the present time. An increased contribution from the United States would assist TDR to achieve its objectives more quickly by accelerating the development of new vaccines, drugs, etc., and by improving the application of the newly-developed technologies in disease-endemic areas.

PROGRAM ON SUBSTANCE ABUSE

FY 1991 Contribution	$0.5 million*
FY 1992 Requirement	$1.5 million

from Department of State, International Narcotics Matters

Substance abuse has become one of the most widespread and serious public health problems this century. Involving an increasingly broad spectrum of drugs and alcohol, the epidemic of substance abuse is affecting countries everywhere, both developed and developing. As both a health and social problem in its own right, and also as a major underlying factor in a range of other physical and psychosocial health problems, substance abuse is currently influencing more people and broader age groups than ever before.

In keeping with its mandate within the United Nations and building on its unique public health expertise, its long-standing work in the areas of research, care and treatment, as well as its international network of clinical and research scientists, WHO established, in September 1990, a special Program on Substance Abuse (PSA). The main purpose of PSA is to provide technical leadership in the area of demand reduction.

Although the problem of substance abuse is a universal one, developing countries and poor communities, where economic resources are already scarce, are often the worst affected. The combined, and often synergistic effects of substance abuse and poverty have proved to be a major impediment to socioeconomic development, contributing not only to the emergence of new health and social problems, but also to the institutionalization of old ones.

Concern for the problem of substance abuse is not new. In the past, however, the response by national and international bodies has primarily focused on regulating the supply and use of drugs and alcohol through law enforcement and control. While this has had an important effect on the availability of drugs, and drug trafficking, the current nature and increasing magnitude of the problem, especially its growing impact on health, urgently calls for the development of additional and complementary prevention strategies.

PSA's overall goals are to reduce the impact that existing substance abuse has on the health and welfare of populations everywhere, and to prevent new substance abuse in all its forms.

Specifically the objectives of PSA are:

- to reduce the demand for addictive substances;
- to reduce the impact of substance abuse on the health and welfare of individuals and families;

- to develop effective approaches to the treatment of substance dependence and associated diseases;
- to collaborate in controlling the supply and use of licit psychoactive substances; and
- to integrate relevant health components into all development programs designed to reduce the supply of illicit narcotic drugs.

The role of PSA will be to stimulate innovative thinking on this problem and to coordinate new research and interventions that respond to national needs and that benefit from the experience and support of international scientists and institutions.

Arrangements have been made for close cooperation between the United Nations International Drug Control Program and PSA. The work of the new UN Program and the work of WHO can complement each other in many essential ways by collaborating in the area of demand reduction. This has also been foreseen in the Global Program of Action adopted by the UN General Assembly in March 1990.

PSA's resource requirements for 1992-1993 are $70 million. WHO is uniquely placed to direct and coordinate demand reduction programs worldwide. As a newly established program, however, PSA must depend almost entirely on extrabudgetary resources. The benefits to the U.S. of worldwide demand reduction are evident: increased support from the U.S. is required if PSA is to achieve this objective.

CONCLUSION

Mr Chairman, the World Health Organization's mandate to act as the directing and coordinating authority on international health work is being fulfilled across a broad range of health activities - many of which are of particular interest to this Subcommittee - AIDS, tropical diseases, child survival, drug awareness. Extrabudgetary resources are vital to many of these programs - given the inadequate resources available through the regular budget. The total amount of extrabudgetary resources budgeted in WHO for the biennium 1990-1991 is $665.7 million. Of this amount, $61.3 million or 9.2% will be provided by the U.S., primarily through AID. Continued U.S. support is required for several programs (e.g. GPA, OCP, CDD, TDR) to ensure they are able to meet their objectives. Other programs (e.g. EPI, ARI, PSA) which now receive little or no U.S. support play an important role in global efforts directly related to U.S. interests. Increased U.S. support for these programs is well-deserved.

Thank you, Mr Chairman.

ANNEX

TABLE 1

WHO EXTRABUDGETARY PROGRAMS
SOURCE OF FUNDS
1990 - 1991
(in millions of US$)

	Regular Budget	Extrabudgetary Resources	U.S. Contribution to Extrabudgetary Resources
GPA	1.6	191.7	4.0
OCP	1.0	65.0	7.5
EPI	11.6	30.0	0.3
CDD	3.3	24.0	1.0
ARI	2.0	7.3	0
TDR	2.7	66.7	5.0
PSA	2.1	8.3	0.5

TABLE 2

WHO EXTRABUDGETARY PROGRAMS
SUMMARY OF REQUEST
(in millions of US$)

	FY 1991 Contribution	FY 1992 Requirement
GPA	23.0	30.0
OCP	2.5	4.0
EPI	0.3	0.5
CDD	1.0	1.0
ARI	0	1.0
TDR	2.5	3.5
PSA	0.5	1.5

STATEMENT OF DONALD E. McCREIGHT, CHAIR, INTERNATIONAL COMMITTEE ON ORGANIZATION AND POLICY, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

Mr. Chairman and members of the Committee. I appreciate the opportunity to testify regarding the 1992 Foreign Operations budget. I am representing the International Section of the Division of Agriculture of the National Association of State Universities and Land-Grant Colleges (NASULGC).

NASULGC represents the interests of 149 United States colleges and universities. U.S. colleges and universities have had a long and successful history in working in international agriculture and in helping developing countries help themselves. Through our land-grant systems and under Title XII of the Foreign Assistance Act, we hold the leading resource of expertise in agricultural research, training and extension and understand the importance of the development of the agriculture sector for overall economic growth.

Although we can appreciate the need for periodic change in the priorities of the U.S. Agency for International Development, and the Agency's desire to create a Center for University Cooperation in Development, we respectfully submit our concerns:

- First, we are deeply concerned that U.S. development assistance policy and planned resource commitments increasingly appear to minimize the prevalence of hunger, malnutrition and poverty in LDCs and the critical role of sustainable agriculture in economic development;

- Second, we urge Congress to direct the U.S. Agency for International Development to honor its previously negotiated agreements with universities under the Title XII Program Support Grant/Memorandum of Understanding agreements;

- Third, we ask that the Congress encourage USAID to proceed cautiously with its plans for the new University Center for International Cooperation in Development, increasing levels of support to the Center and giving careful consideration to program modes.

I shall address each of these concerns below.

U.S. Development Assistance Policy

The issues of food and agriculture, and related natural resource concerns, are basic to the welfare of developing societies. Countries are pressed to escalate growth in economic indices and are working from an agricultural economic base. The hunger problem continues to plague many developing countries.

Paradoxically, U.S. development assistance policy increasingly appears to fail to recognize the critical importance of food, agriculture and natural resources as a central element in long-term development assistance and the importance of public investment in human capital-related areas.

Agricultural and environmental scientists agree that continued work is needed in agricultural science-based technological development if we are to feed a rapidly expanding population while simultaneously preserving the environment. The U.S has a comparative advantage in this area, due to a history of Congressional investment.

The Agency's declining support for agriculture is reflected in funding trends for the Agency's Agriculture, Rural Development and Nutrition Account (ARDN):

	FY85	86	87	88	89	90	91	92
ARDN	$753M	660	686	561	553	542	465	--
(DFA						572	788	800)

These data do not exist for 1992, as the Agency proposes elimination of all functional accounts, including the ARDN. This makes tracking the Agency's expenditures in agriculture and related areas difficult.

Recommendations:

** We encourage the Congress to maintain the ARDN account and increase it by 10% in 1992. Such action will recognize that work in the agricultural/natural resource sector is a priority if the erosion of growth that is evident in the economic indices of developing countries is to be reversed.

** Despite USAID proposed cuts in the Collaborative Research Support Programs, Congress has recognized their documented impact and has, with language advocating a restorative increase for FY 1991, helped us to keep them operating. Last year Congress asked us to increase our work in the area of sustainable agriculture. We have done so, but will not be able to "sustain" these efforts unless we can maintain the funding level which we achieved last year with an FY92 increase for inflation, and some help for the Fisheries Stock Assessment and Nutrition CRSPs, which did not receive the restorative increase last year. The Collaborative Research Support Programs, have brought the best scientific talent in the U.S. and around the world to work together on solving global food problems.

Impact evaluation data show that the CRSPs have simultaneously helped developing countries and returned benefits to U.S. agriculture -- they have been a great example of true international scientific collaboration through U.S. leadership.

** The university community is eager to provide agricultural technical assistance to Eastern Europe. We have a committee working with Eastern European agricultural attaches to assure that the assistance we provide will be appropriate. However, there were no resources available to do so until Congress provided a "loose earmark" of $40 million in FY 1991 for agricultural technical assistance in Eastern Europe. We strongly support special Congressional attention to the great needs of this part of the world in agriculture in FY 1992.

We applaud the past wisdom of Congress in recognizing the importance of agriculture in developing countries and the historic contribution of universities to food and agricultural development. We urge the Foreign Operations Committee to continue to emphasize the importance of USAID investment in issues related to hunger and sustainable agriculture.

Involvement of U.S. Colleges and Universities

Under the Program Support Grant/Memoranda of Understanding Programs, authorized by Title XII of the Foreign Assistance Act, U.S. universities have competed for funds to build their capacity to serve as a technical expertise "bank" for the Agency. This concept will become increasingly important, since the Agency continues to cut back on its technical personnel.

The PSG/MOU agreements have been designed with respect for the unique character of the university and the long-term nature of scientific and institution-building activities. These programs have allowed the Title XII offices at universities to provide a base from which the talents of other university departments (natural resources, medicine, and social sciences) could actively participate in development work. Strengthening agriculture has strengthened total university involvement in international activities.

USAID, in an effort to broaden the involvement of universities in the Agency's programs, recently invited 400 universities to apply to participate in a new University Development Linkages Program (UDLP). This involvement includes, but exceeds, the original Title XII universities. The UDLP will be administered under the newly created University Center for International Cooperation in Development, which is in the process of defining its mission.

To fund the newly designed UDLP, USAID plans to terminate existing Title XII PSGs and Joint Memoranda of Understanding prior to expiration dates previously negotiated with universities. University planning and financial commitments by universities and state legislatures has been based on USAID commitments. A list of affected universities is attached.

USAID plans to spend only $5 million annually to support all proposed programs under the University Center. Although the Agency seeks to use universities as their institutional memory and to help "internationalize" the university, it will be difficult to achieve this goal with such a low level of resource commitment.

Some 1890 universities with PSG/MOU agreements, report that their international programs will essentially be "wiped out" under the new linkages arrangements and fear that the design of UDLP will diminish the sustainability of current university programs and capacity to compete for USAID business.

<u>Recommendations:</u>

** That Congress direct the U.S. Agency for International Development to honor is previously negotiated commitments to universities currently engaged in PSG/MOU programs. That the decision to terminate the PSG/MOU programs be postponed until such programs can be evaluated in the context of the newly developing University Center for International Cooperation in Development.

** While the University Development Linkages Program, the proposed centerpiece of the UNiversity Center, offers new opportunities for additional universities, the Agency must substantially increase its financial commitment to the Center.

That the successful partnership among universities, USAID and Congress, created under Title XII, continue with the development of the UDLP. This and other program development, must be based, however, on a long-term strategy for USAID and the Center, and developed in cooperation with the university community.

Conclusions:

The U.S. development assistance policy and the government's investment in development assistance programs must not be further diminished in favor of other, politically motivated foreign assistance goals. The involvement of developing countries and their citizens in the development process is needed to build and sustain a long-term relationships of mutual benefit to both the U.S. and developing countries.

Long-term work in the areas of food, agriculture, natural resources and related areas is critical in the development process and especially needed to shift from a natural resource-based to a science-based agriculture in order to achieve sustainable, equitable, economic growth.

University long-term research, institution-building, extension and higher education programs have addressed the problems of world hunger and worked toward sustainable agricultural systems so that developing countries may produce an adequate food supply, without destroying their natural resources. Under Title XII, mechanisms have been developed to bring the scientific talents of U.S. universities to bear on international food and agriculture problems.

The CRSPs have brought together the best scientific talent in the U.S. and around the world to work on solving global food problems. The CRSPs have simultaneously helped developing countries and returned benefits to U.S. agriculture -- a great example of true international scientific collaboration through U.S. leadership.

The PSG/MOU program has strengthened universities institutional capability to provide scientific, technical development assistance to USAID and host countries. These programs have resulted in increased capabilities not just in agriculture, but also in natural resources, medicine and the social sciences.

I would like to stress to you Mr. Chairman, and the other members of the Committee, that our universities have had a long history of working with Congress, USAID and other agencies to solve the long-term problems of international development assistance. Together we have made a major impact on the developing world. We offer these recommendations in the spirit of that cooperation and as a reminder that much work remains to be done. Our institutions stand ready to assist Congress and USAID in meeting the challenges of the future.

University Participating In The Agriculture JMOU/PSG Program

North Carolina State University

North Carolina A&T University

Kansas State University

Louisiana State University

University of Arkansas

University of Minnesota

Michigan State University

Texas A&M University

Prairie View A&M University

Tuskegee University

Lincoln University

University of Wisconsin-Madison

University of Maryland-Eastern Shore

University of Illinois

Ohio State University

Fort Valley State College

Florida A&M University

Auburn University

New Mexico State University

Tennessee State University

Southern University

University of Alabama A&M

Virginia State University

Oregon State University

Universities Participating In The Matching Support Grant (MSG) Program

University of Kentucky

California State Polytechnic University

Cornell University

Iowa State University

Universities Participating In The Agriculture SMOU/PSG Program

University of Florida

Colorado State University

Purdue University

Washington State University

Utah State University

STATEMENT OF THE AMERICAN INSTITUTE OF BIOLOGICAL SCIENCES

The American Institute of Biological Sciences (AIBS), a nonprofit organization representing over 70,000 professional biologists, appreciates the opportunity to comment on population growth and its impact on biodiversity as addressed in the foreign aid appropriations for fiscal year 1992. The subcommittee's willingness to address global environmental conditions is highly commendable and much appreciated by the life sciences community.

One of the directives of AIBS is to "further the advancement of the biological sciences and their application to human welfare and to foster and encourage research and education in the biological, medical, environmental, and agricultural sciences." Such a broad, scientific mandate allows AIBS to present a unique view on the consequences of human populations on ecological systems and the environment in general, and specifically the importance of conserving biological diversity.

We are all aware of the environmental problems facing the planet: global warming, groundwater contamination, depletion of nonrenewable resources, deforestation, stratospheric ozone depletion, and so on. What is not immediately apparent, however, is that many of our present environmental problems can be directly attributed to human population pressures. The inverse relationship between ecosystem sustainability and the demands of the planet's human population was overlooked in the 1980s as

family planning became an ideological issue. Population growth and its powerful, long-term momentum effects cannot be addressed on ideological principles alone, but is increasingly a matter of the survival of our species. Biologists have long recognized the importance of ecological systems, of which other organisms are crucial working parts, in maintaining the human condition, a recognition increasingly shared by the Roman Catholic prelate, Pope John Paul II.

Since 1968, the year the general public was widely alerted to the ticking of the human "population bomb," nearly 2 billion people have been added to the global population, mostly in developing countries. And since 1968, the world has lost hundreds of billions of tons of topsoil, hundreds of trillions of gallons of groundwater, and thousands of species and millions of genetically distinct populations of biologically diverse organisms (biodiversity). To the non-scientist, these trends clearly indicate a collision between diminishing resources and the demands of our increasing human population. To the scientist, and especially to the population biologist, that collision represents a clear threat to our descendants.

Ecosystem health is irreversibly affected by many human activities. As forests are destroyed for cropland, fuelwood, ranching, and timber, the ecological consequences include loss of biological diversity, mass extinctions of species, decline in the dependability of freshwater flows, erosion of soils, atmospheric release of carbon, and destabilization of regional climates. In addition, human actions are the primary cause of major atmospheric changes (global warming, acid precipitation, and stratospheric ozone depletion) which could radically alter the biosphere of the planet. Effects such as these are individually threatening. When considered collectively, these effects are

likely to be devastating, even with the various natural buffering and feedback processes that are poorly understood at this time.

Biological resources will be as critical to our future well-being as mineral resources and fossil fuels have been in the past. The very concept of biological resources is changing, and over the next fifty years, these resources will increasingly be seen to include specific genes and gene products of individual species which will prove invaluable in medicine, agriculture, pest control, and other spheres.

As noted in the 1990 Council on Environmental Quality Report, rich biodiversity also affords flexibility in the face of environmental change and variation. "A genetically diverse population has a number of ways to cope with environmental change, and thus even rare genes can have survival value for the population as a whole. With environmental changes unpredictable, an individual or even a species just getting by under existing conditions might thrive should those conditions change."

Environmental issues will dominate global political agendas for the foreseeable future. However, unless rapid population growth is adequately addressed, all efforts to implement environmentally sustainable policies will be overwhelmed.

STATEMENT OF CARE

Mr. Chairman and Members of the Senate Foreign Operations Subcommittee on Appropriations, CARE appreciates this opportunity to submit written testimony on the International Affairs Appropriations for Fiscal Year 1992.

The tragic human suffering in Sudan, Bangladesh, Liberia, Iraqi, Cambodia, Mozambique, Peru, Haiti and Angola has kept private international relief and development organizations like CARE, Save the Children, Africare and church sponsored organizations very busy over the past year.

With the cold war over and the countries of Eastern Europe free at last, CARE and many other private voluntary organizations, view 1992 as the year to make sustainable, participatory development the centerpiece of our relationship with the countries of the south. For a number of years, some of the poorest countries of the world have

either been strategic clients of the Soviet Union, the United States or their respective allies.

In some of the developing countries where we have programs, we see an increasing number of children abandoned or in the military or simply dying of neglect. It is often easier for these children to acquire a weapon or cheap euphoric drugs or chemicals than food, health care and the education and training they need to find employment. During this long period of strategic client relationships, many developing countries naturally responded by shaping their policies in a manner consistent with maximizing external aid flows.

The result has been large military establishments, large arsenals of weapons and diminished budgetary support for health, education, agriculture and rural infrastructure. Fiscal Year 1992 appropriations for international affairs should send a clear and unequivocal message that the United States policy is no longer driven by strategic competition with the Soviet Union and that participatory, sustainable development will be the cornerstone of our relationship with all nations. In a real sense, the United States has already committed in principle, along with the World Bank, IMF, UNDP, to pursue this policy at the most recent meeting of the Development Assistance Committee of the OECD.

With specific reference to Fiscal Year 1992 appropriations, we respectfully submit and support the following recommendations:

Recommendations

1. We recommend that humanitarian and developmental assistance should constitute more than one-half of the United States foreign assistance spending, as it did prior to 1980".

2. We also recommend that the State Department Refugee Account be increased by 25%. The alarming increase in the number of refugees in Africa and the Middle East is confirmed daily by our offices in the field. The U.S. Committee on Refugees has provided the Committee with expert testimony which attests to the profound human tragedies which are unfolding in the Middle East and persist in the Horn of Africa and other regions of the world.

3. We recommend that the International Monetary Fund give stronger weight, in its policy decisions, to the social and environmental consequences of its lending operations; not in a compensatory manner, but in a manner consistent with Article I of the Fund's Articles of Agreement which cites its commitment "to the promotion and maintenance of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy."

4. We recommend that any increases over current services be targeted for Southern African Development Assistance, Ethiopian/Sudan Famine Relief, the P.L. 480 program and Refugee Assistance programs.

5. We continue to support a funding level of $60 million for AID's Office of Private and Voluntary Cooperation. This office provides a variety of grants, including matching grants, to private voluntary organizations and cooperatives to carry out health, child survival, agro-forestry and food aid management programs. Within the $60 million, we ask the Committee to specifically designate $20 million for the competitive grants program in child survival as well as $10 million for food aid management grants. To give the Committee some idea of the importance and effectiveness of these grants, we conclude this testimony with a report on CARE's use of some of the Fiscal Year 1990 grant funds appropriated by the Committee. Other private voluntary organizations can provide you with additional programming information which confirms the developmental impact of these AID partnership grants at the grassroots level.

6. We are concerned with the sharp decline in the Agriculture, Rural Development and Nutrition Account. Historically, this account has funded activities in rural areas where the majority of poor people in developing countries still reside and where opportunities for growth are often greatest. We believe that AID's cooperation with the Consultative Group on International Agricultural Research, developing country agricultural universities and research centers and NGOs is extremely important in promoting sustainable agricultural development. Additionally, this account has funded the highly successful Vitamin A program which has cost-effectively and dramatically reduced blindness and improved the nutritional well-being of many of thousands of people. We strongly support the proposed level of $13 million for Vitamin A.

8. Finally, we would like to register our support for funding levels for various programs which would send a clear message about our nation's new resolve and commitment to participatory, sustainable development.

UNICEF	$100 million
IFAD	38.3 million (including fund for Africa)
UNIFEM	1.0 million
INSTRAW	250 thousand
Women-in Development	12.0 million
Child Survival	150 million (with an overall level of $275 million for Child Survival Activities
Basic Education	135 million
Health	125 million
Population	300 million
OFDA	50 million

Mr. Chairman and Members of the Committee, we would like to conclude our testimony with a brief account of how CARE used some of the funds made available by your Committee in Fiscal Year 1990 in four key development sectors.

Agroforestry and Natural Resource Management

o A total 281,200 farmers (including more than 38,000 women) in 32 nations in Africa, Asia and Latin America were engaged in agroforestry and natural resource management activities; more than 27 million tree seedlings were planted (including 1.5 million fruit tree seedlings), with a tree survival rate of 72%. Over 61,000 farmers were actively in engaged in the establishment and operation of 5,900 nurseries, the planting of 879 miles of hedgerows and windbreaks, 856 miles of contour lines and 8,600 acres of forest.

o A total of 75,200 farmers (including over 25,000 women) were engaged in agricultural activities, including the planting of 14,500 family and communal vegetable gardens, the establishment of 682 irrigation systems, the improved cropping of over 24,000 acres and intensive training in integrated pest management.

o The critical technical assistance support for these projects, in the form of a matching grant from the Office of Private Voluntary Cooperation of the AID (from funds earmarked by the Committee for PVOs), enabled CARE to obtain significant support for these projects from other organizations such as Applied Energy Services, the Ford Foundation, IBM, World Wild Fund, the European Economic Community and the Governments of Austria, Britain, Canada, Denmark, the Netherlands and Norway.

Primary Health Care

o During 1990, CARE was able to train over 8,000 health and 221,000 community workers in the use of Oral Rehydration Therapy in 25 countries.

o Over 731,000 children received the three doses of DPT vaccine necessary for protection against diptheria; over 605,000 children received immunizations to protect them against measles; more than 2.7 million women received TT2 immunizations protecting them against tetanus; over 13,000 health workers received training in methods of immunization.

o Over 1,000 community workers were educated about how the HIV virus is transmitted and how AIDS can be prevented. Over 2.7 million people received birth spacing information and/or family planning services. Almost 300,000 people gained access to an adequate supply of clean water through the construction of 786 water systems; close to 24,000 community members were trained in how to manage, operate and maintain their water systems.

Small Economic Development and Microenterprise Activity

o CARE worked with over 104,000 participants, including slightly over 81,000 women. More than 83,000 jobs were created, including jobs for 63,785 women. Over 16,000 jobs were made more secure, including jobs for over 6,522 women. 12,100 participants received formal skills training, including 9,000 women.

o A total of 12,263 new loans were disbursed valued at $2,324,000; 10,230 of the new loans were made to women.

o 77,728 CARE borrowers saved $6,000,919 as a direct result of their new jobs earnings and their job security.

Humanitarian and Development Uses of Food Aid

o In 1990, CARE managed forty projects in 19 countries which used food aid resources; six programs in Africa (Ethiopia, Mali, Mozambique, Niger, Somalia and the Sudan), six in Asia (Afghanistan, Bangladesh, India, Indonesia, the Philippines and Sri Lanka) and seven in Latin America and the Caribbean (the Dominican Republic, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Peru).

o More than 21.6 million people participated in the 40 food aid supported projects, including more than 1.6 million mothers and children, 11.6 million children attending primary schools and 4.2 million adults working on Food-for-Work projects, including rural road maintenance and infrastructure. tree planting and agricultural projects. Over 341,000 people, many of them women, participated in Cash-for-Work projects with the wage fund generated from the sale of donated commodities. The balance of recipients of food aid were, unfortunately, refugees and displaced families and communities in Somalia, Mozambique, the Sudan, Ethiopia, Peru, Mali and Afghanistan.

o CARE programmed more than 544,000 metric tons of food aid valued at more than $125 million in Fiscal Year 1990.

* Part of the $10 million that the Committee recommended be used for Food Aid Development grants in FY 1990 by private voluntary organizations was used by CARE and other NGOs to provide technical assistance and improved management of projects using U.S. food aid commodities.

We will be pleased to provide additional information and answer any questions from the Committee.

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

Page

Abukari, Mr., legislative aide, Rainbow Lobby, Inc 121
Prepared statement 124
Akiki, M. Fram, president, Vermont Lebanese-American Community:
Letters from 266, 287, 239
Memorandum from 268
American Institute of Biological Sciences, prepared statement 380
American Jewish Committee, prepared statement 333

Baldi, Patricia Waak, director of population programs, National Audubon Society, prepared statement 243
Beggiani, Chor-Bishop Seely, chairman, Commission for Lebanon, Diocese of St. Maron, U.S.A 67
Prepared statement 68
Blake, Robert O., chairman, Committee on Agricultural Sustainability for Developing Counties, prepared statement 354
Boohaker, Joseph, L., treasurer, National Alliance of Lebanese Americans, letter from 287
Bramble, Barbara, director, international program, National Wildlife Federation, Consortium for Action to Protect the Earth, on behalf of Consortium for Action to Protect the Earth [CAPE] 258
Prepared statement 261

Care, prepared statement 382
Carlucci, Frank, former Secretary of Defense, prepared statement 336

Deffenbaugh, Ralston, H., Jr., executive director, Lutheran Immigration and Refugee Service, prepared statement 321
Dine, Thomas A., executive director, American Israel Public Affairs Committee 78
Prepared statement 80

Ferris, Daniel, representative, Council of Lebanese American Organizations, letter from 132
Freedman, Robert O., Jewish Peace Lobby 103
French, David, medical director, Helen Keller International 1
Prepared statement 4

George, William, L., S.J., assistant to the president of Georgetown University 202
Prepared statement 203
Granoff, Michael D., vice president and director, U.S. Committee for the United Nations Environment Programme 60
Prepared statement 33

Hage, Imad, Council of Lebanese American Organizations 28
Prepared statement 30
Haij, Michael, American Lebanese League 74
Prepared statement 76
Haynes, Maj. Gen. Fred, USMC (retired), president of the American Friends of Turkey 52
Prepared statement 54
Herter, Frederic P., president, American University of Beirut 107
Prepared statement 110
Howard, Robert E., associate director for National Security and International Affairs, Office of Management and Budget, letter from 178

-386-

Jahshan, Khalil, E., executive director, National Association of Arab Americans, prepared statement 304
Jansson, Erik, National Network to Prevent Birth Defects 135
Prepared statement 137

Krogstad, Donald J., president-elect, the American Society of Tropical Medicine and Hygiene 22
Prepared statement 24

Lierman, Terry, vice-chairman, Washington Advisory Council for UNICEF, the United Nations Children's Fund 9
Prepared statement 9

Mahadallah, Hassan Omar, prepared statement 317
Manatos, Andrew E., Manatos & Manatos, on behalf of the United Hellenic American Congress, the Pancyprian Association of America, and the American Hellenic Alliance 27
Prepared statement 29
Marvin, Michael, director, governmental affairs, American Wind Energy Association 158
Prepared statement 162
McCreight, Donald E., chair, International Committee on Organization and Policy, National Association of State Universities and Land-Grant Colleges, prepared statement 375

Nelson, Lisanne, National Audubon Society 241

Planned Parenthood Federation of America, Inc., prepared statement 346

Rahall, Tanya, executive director, American Task Force for Lebanon 70
Prepared statement 72
Rich, Bruce, M., senior attorney, Environmental Defense Fund, prepared statement 217
Robinson, Randall, executive director, Transafrica 113
Prepared statement 115
Rocky, Marilyn, national director, CHILDHOPE USA, Inc 11
Prepared statement 14
Rossides, Eugene T., on behalf of American Hellenic Institute Public Affairs Committee, Inc., the Order of Ahepa, and the Cyprus Federation of America 32
Prepared statement 34

Schwartzman, Stephan, Environmental Defense Fund, also representing National Wildlife Federation, Sierra Club, and National Audubon Society 215
Sevin, Ali Ferda, president, Assembly of Turkish American Associations 46
Prepared statement 48
Sita, Sao Ying, the Burma American Fund 198
Prepared statement 200
Sklar, Scott, executive director, U.S. Export Council for Renewable Energy 171
Memorandum from 177
Prepared statement 173
Sullivan, Harry, deputy director, National Security/Foreign Relations Commission of the American Legion 207
Prepared statement 210

Wallace, Nancy, Washington director, International Population Program, Sierra Club 251
Prepared statement 254
Weihe, Ted, executive director, U.S. Overseas Cooperative Development Council, Washington, DC 179
Prepared statement 181
Winter, Roger P., director, U.S. Committee for Refugees, also representing Lutheran Immigration and Refugee Service, American Jewish Committee, Church World Service, U.S. Catholic Conference 190
Prepared statement 193
Wittenberg, Richard, L., president and chief executive officer, American Association for World Health, prepared statement 363

28

Page

Youssouf, Joseph D., Esq., on behalf of the Turkish Cypriot Cultural and Educational Association of the United States of America, Inc 41
Prepared statement 43

O

388