

**Foreign Assistance and
Congressional Debate:
International Challenges, Domestic
Concerns, Decisions Deferred**

**Larry Q. Nowels
Specialist in Foreign Affairs
Foreign Affairs and National Defense Division**

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FOREIGN ASSISTANCE AND CONGRESSIONAL DEBATE: INTERNATIONAL CHALLENGES, DOMESTIC CONCERNS, DECISIONS DEFERRED

SUMMARY

As the world changed at breathtaking speed in 1991, new demands on U.S. foreign assistance resources and calls for radical change in aid policy goals emerged. But the speed and complexity of international change, coupled with large and continuing budget deficits and a depressed domestic economy, posed significant impediments to shaping effective and timely responses to world events, including undertaking a broad reform of the foreign aid program.

In 1991 Congress engaged in extensive debate over how the United States should adjust its foreign policy and respond to a transformed international landscape. Early in the year, Congress approved additional aid for war-affected states and refugee populations. By mid-year, both the House and Senate had approved by comfortable margins three major foreign aid measures. When Congress returned in September following a month-long summer recess, however, the environment had changed significantly. The aborted Soviet coup and calls for rapid and bold U.S. initiatives posed new demands on foreign aid resources. Israel formally requested U.S. help in resettling perhaps as many as one million Soviet emigrants. The Administration increased its objections to selected congressional initiatives in the pending foreign aid authorization conference measure and issued strongly worded letters calling for defeat of the legislation. In late October, the House rejected the foreign aid bill.

The foreign aid debate also became entangled in domestic matters. Contrary to earlier predictions, the recession continued and by some accounts worsened, prompting a growing number of Members to argue that the President needed to address more forcefully chronic domestic problems, perhaps at the expense of foreign aid spending. A strong anti-foreign aid mood materialized in the last month of the session which virtually paralyzed Congress and the President from finalizing the pending foreign aid bills. Congress did approve on the final day of the session -- still without White House backing -- a bipartisan \$500 million package drawn from defense funds to help secure and destroy Soviet nuclear weapons and deliver humanitarian relief supplies.

Under these clouds, Congress adjourned without enacting the major foreign aid bills. During the early months of the second session, as the mood to focus inward continued, Congress and the President confronted three foreign aid issues: Israeli loan guarantees, extension of the foreign aid continuing resolution, and a new aid package for the former Soviet Union.

This report reviews the congressional debate on foreign assistance issues during the 102d Congress through early April 1992. It begins by identifying and assessing five key themes around which much of the debate took place. The report then presents a chronological discussion of congressional action on major foreign aid legislation, breaking 1991 into three main periods. It concludes with a brief assessment of where the foreign aid debate stood in early April 1992, and consequences and implications for issues that were not resolved and would be faced again in the balance of the second session.

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FOREIGN ASSISTANCE AND CONGRESSIONAL DEBATE: INTERNATIONAL CHALLENGES, DOMESTIC CONCERNS, DECISIONS DEFERRED

OVERVIEW

As the world changed at breathtaking speed in 1991, new demands on U.S. foreign assistance resources and calls for radical change in aid policy goals emerged. War in the Persian Gulf, disintegration of the Soviet Union, continuing economic and political struggles in Eastern Europe, prospects for peace negotiations in the Middle East, greater reliance on international institutions, settlement of regional conflicts, and a general international movement towards democratic governments and open economic systems offered U.S. policymakers opportunities to extend help and advance American interests with economic and security assistance. But the speed and complexity of international change, coupled with large and continuing budget deficits and a depressed domestic economy, posed significant impediments to shaping effective and timely responses to world events, including the undertaking a broad reform of the foreign aid program.

In 1991 Congress engaged in extensive debate over how the United States should adjust its foreign policy and respond to a transformed international landscape. Foreign assistance legislation, although frequently unpopular and difficult to enact, traditionally has been one of the primary vehicles through which Congress reacts to executive branch proposals or offers its own initiatives to reshape the foreign aid program, or foreign policy more generally. Early in the year, as part of the consideration of Operation Desert Storm/Desert Shield supplementals, Congress approved additional aid for war-affected states and refugee populations. By mid-year, both the House and Senate had approved by comfortable margins comprehensive foreign aid authorization bills -- the Senate for the first time in six years -- and it appeared possible that Congress would take a first step towards altering the shape and purpose of U.S. foreign assistance in the post-Cold War period. By early summer, the House had also approved the foreign aid appropriation measure, also with a large majority in support. Controversy accompanied both parts of the legislation, including complaints from congressional critics and threats of Presidential vetoes, but these were normal characteristics of foreign aid debates and the process did not appear seriously off track.

When Congress returned in September following a month-long summer recess, however, the environment had changed significantly. The aborted Soviet coup and calls for rapid and bold U.S. initiatives to stabilize political and economic conditions within the fragmenting country posed new demands on foreign aid resources. As anticipated, Israel formally requested U.S. help in resettling perhaps as many as one million Soviet emigrants. To help finance the

resettlement, Israel asked the United States to guarantee \$10 billion in commercial loans. The proposal, which came at a time when the Administration was organizing a Middle East peace conference, triggered a major clash between President Bush and congressional supporters of Israel, raised additional worries over the costs involved, and finally was postponed until 1992 Senate debate of the foreign assistance appropriation bill. The Administration increased its objections to selected congressional initiatives in the pending foreign aid authorization conference measure and issued strongly worded letters calling for defeat of the legislation. In late October, the House rejected the foreign aid bill.

The foreign aid debate also became entangled in domestic matters. Contrary to earlier predictions, the recession continued and by some accounts worsened, prompting a growing number of Members to argue that the President needed to address more forcefully chronic domestic problems, perhaps at the expense of foreign aid spending. The come-from-behind victory of Democratic candidate Harris Wofford in the Pennsylvania Senate election and a sharp decline in President Bush's performance ratings in public opinion polls powerfully reinforced the perception that the American people wanted action on pressing domestic concerns, not on the needs of governments and populations overseas. A strong anti-foreign aid mood materialized in the last month of the congressional session which virtually paralyzed Congress and the President from finalizing the pending foreign aid bills. Congress did approve on the final day of the session -- still without White House backing -- a bipartisan \$500 million package drawn from defense funds to help secure and destroy Soviet nuclear weapons and deliver humanitarian relief supplies. Much of the debate, however, centered on whether such actions should be considered as "foreign assistance," or as a fundamental investment in U.S. national security interests in the wake of continuing nuclear threats from the a crumbling and highly unstable Soviet Union.

Under these clouds, Congress adjourned without enacting either the foreign aid authorization or appropriation bills. A stop-gap funding resolution that allowed the program to continue through March 31, 1992, granted U.S. foreign aid agencies about \$900 million less than either the level for FY 1991 or the amount approved by the House in June for FY 1992. The continuing resolution also left new initiatives without legislative authority. In only two other years -- 1971 and 1972 -- since enactment of the Foreign Assistance Act of 1961, did Congress end a session without approving a foreign assistance authorization, appropriation, or a continuing resolution that would fund the program through the balance of the fiscal year. The unfinished foreign aid debate of 1991 resumed in the new session. During the early months of 1992, Congress again confronted the dual and competing pressures: continuing world changes and new demands on foreign aid resources would be countered by worries over jobs and the domestic economy, a growing inward-looking, and in some cases isolationist view, and election year politics, all of which contributed to a deepening national anti-foreign aid sentiment. Nevertheless, some believed that the President's aid initiative announced on April 1 and congressional passage by a wide margin of a foreign aid continuing resolution through the end of FY 1992 may have

signaled a renewed commitment to remain engaged in the international arena and to use foreign assistance as a key tool advancing U.S. interests abroad.

This report reviews the 1991 and early 1992 congressional debate on foreign assistance issues. It begins by identifying and assessing five key themes around which much of the debate took place. The report then moves to a chronological discussion of congressional action on major foreign aid legislation, breaking the year into three main periods and providing more specific details on the key themes raised earlier. It concludes with a brief assessment of where the foreign aid debate stood in early 1992, and consequences and implications for issues that were not resolved and that might be faced again during the remainder of the 102d Congress.

MAJOR THEMES OF THE 1991 FOREIGN AID DEBATE

Prominent congressional consideration of foreign assistance issues in 1991 clustered around five principal themes:

- the significance of international change and the need to realign American foreign aid priorities and create a new policy rationale.
- how to deal with growing foreign aid demands.
- shifting attention to domestic problems and de-emphasizing spending abroad.
- using foreign aid to serve U.S. commercial interests more directly.
- executive-legislative management of foreign assistance programs and clashes over Presidential flexibility and congressional priorities.

There was nothing unique about these themes and the general focus of congressional debate in 1991. At various times over the past 40 years, Congress and outside observers have urged the realignment of American foreign aid to better match global change and altered U.S. interests. Most recently, starting in 1988, some lawmakers and private groups strongly argued for a major overhaul of the scope, purpose, and objectives of the U.S. foreign aid program. Disagreements between the President and Congress on foreign assistance legislation are a continuing feature in most years -- vetoes, or the threat of vetoes, are common. Foreign aid, in its broadest sense, has always been an unpopular issue in Congress and calls are often heard to reduce spending in favor of domestic needs. But while these have been common characteristics, the discussion of foreign aid issues has rarely taken place against a background of changing world events on the magnitude seen in 1991. The alteration of the global environment made the task of designing a new foreign aid blueprint, of seeking accommodation between the two branches on program management, and of gaining domestic support even more difficult than before.

IN SEARCH OF A NEW FOREIGN AID RATIONALE

Over the past several years, a broad consensus emerged that the existing rationale, purpose, and strategy of the foreign aid program were outdated and based on U.S. interests that were no longer relevant. Although the program maintained a broad focus, throughout most of the post-World War II era the predominant characteristic of U.S. foreign aid was its support for strategies closely linked to Cold War issues and American-Soviet confrontation in Europe and the Third World. The United States used economic and military assistance extensively to stabilize and defend friendly nations against threats posed by Soviet or Soviet-inspired forces. American policymakers also have used foreign aid as a means to facilitate access to military bases around the world as part of the U.S. forward-deployment defense strategy.

In some respects, however, the U.S. foreign aid program took on new directions during the period of rapidly changing international developments since 1989. The United States launched an effort to help political and economic transition in Eastern Europe, a program that grew to about \$370 million by FY 1991. Congress boosted American economic assistance to Africa by 40 percent and doubled spending over a two-year period on a range of programs designed to reduce the international production and trafficking of illicit drugs. Environment related projects grew fivefold, and were estimated at over \$550 million in FY 1991. Debt relief also became a tool used by the United States to assist struggling economies around the world. Nevertheless, while change took place, the changes occurred piecemeal, not as part of a comprehensive reassessment of the U.S. foreign assistance program.

Lawmakers attempted their own effort to overhaul the foreign aid program in the 101st Congress. A special task force of the House Foreign Affairs Committee recommended in early 1988 that Congress rewrite foreign assistance laws, reduce earmarks, eliminate restrictions and generally enhance Presidential flexibility in managing the foreign aid program, improve foreign assistance accountability, and reduce the number of foreign assistance objectives to a small number of clear, well-defined priorities. The House approved legislation that included a number of these recommendations (H.R. 2655), but the Senate failed to act on the bill.¹

With the acceleration of global change, including the crisis in the Persian Gulf and the erosion of central authority in the Soviet Union, some believed at the beginning of 1991 that Congress and the President might engage in a meaningful and productive effort to reshape the rationale for foreign assistance. Secretary of State Baker promised lawmakers in 1990 that the President's budget for FY 1992 would contain a major revision. While the executive branch followed its budget submission in February 1991 with draft legislation in April that would re-write much of the Foreign Assistance Act of 1961 and other permanent foreign aid laws, many in Congress were disappointed with the effort. Each of the four major committees holding jurisdiction over bilateral foreign aid programs expressed the view, either in hearings or in committee reports, that the Administration's submission reflected the world of the past, not the world of the present or future. Some noted that there were few significant changes in program and country aid allocations.

Dissatisfied with Administration efforts, various congressional initiatives for foreign aid reform occurred throughout the year. The House Foreign Affairs Committee, in drafting its comprehensive authorization bill, returned to many of the proposals included in its 1989 effort and characterized its new legislation, H.R. 2508, as "the first attempt to revise the Foreign Assistance Act...completely

¹ For a detailed analysis of the task force proposal to restructure U.S. foreign assistance, see chapter in Congress and Foreign Policy, 1989: Foreign Assistance: Congressional Initiatives to Reform U.S. Foreign Aid in 1989; also printed as CRS Report 90-236.

since the basic act was written in 1961.² While not attempting a total rewrite of existing foreign aid statutes, the Senate Foreign Relations drafted an authorization measure (S. 1435) that sought to reflect global changes and altered U.S. foreign policy interests through the reallocation of funding levels for certain programs. S. 1435, H.R. 2508, and the appropriation bill reported by the House Appropriations Committee (H.R. 2621) noted specific displeasure over the continuing high levels of military assistance in the President's request, and shifted \$200-\$400 million to economic development activities. At the end of the session, however, Congress had not approved any of these measures, and efforts to shape a new rationale for foreign assistance remained an issue for the future.

Growing Foreign Aid Demands

As the international scene continued to undergo radical change in 1991, new demands on foreign aid resources emerged that strained already hard-pressed budget limitations. Such demands began to appear only a few months after executive-congressional agreement in late 1990 on a new five year budget plan -- a plan that placed caps on categories of Federal spending, including foreign assistance. Under the terms of the budget plan, in order to fund new initiatives, policymakers had few options: shift money from existing programs, convince Congress and the White House to declare a budget "emergency," or make across-the-board cuts in all international program budgets in order to accommodate new requirements but stay within the spending cap.

The United States was already in the process of shifting aid resources to focus more extensively on new activities, including assistance to Eastern Europe and other areas undertaking significant economic and political reform. Dealing with the impact of the Gulf war and related economic and security costs to states in the region was the first new demand on the aid budget. As a result of the war, Congress voted in March 1991 to provide Israel and Turkey with \$850 million in additional economic assistance beyond their regular aid allotment. Shortly after the war, the Kurdish refugee crisis developed and U.S. disaster and emergency relief programs became severely strained by this and other international disasters occurring around the world. Congress eventually appropriated over \$255 million in supplemental foreign disaster assistance. In each case, Congress and the President agreed to treat these requirements as budget "emergencies" so as not to affect other foreign policy programs.

The pressure on foreign aid spending intensified in September when Israel presented its request for \$10 billion in U.S. loan guarantees, a portion of which would require appropriations. Following the August coup attempt in the Soviet Union, a variety of initiatives were proposed to deal with the emerging crisis -- some in Congress suggested using defense funds so that foreign policy programs would not be affected. But the 1990 budget agreement did not permit transfers from one spending category to another and opposition developed.

² U.S. Congress. House. Committee on Foreign Affairs. International Cooperation Act of 1991; report to accompany H.R. 2508. House Report 102-96, June 4, 1991, p. 1.

The year ended with few FY 1992 foreign aid budget issues resolved. Looking ahead, it appeared likely that other world events would continue to place demands on U.S. assistance programs. Funds for new U.N. peacekeeping activities, especially in Cambodia, possible post-Middle East peace conference aid initiatives, and more expansive international efforts to help the Commonwealth of Independent States of the former Soviet Union all seemed likely to place continuing pressures and pose significant policy trade-offs for American aid officials.

Opposition to Foreign Aid Spending

Foreign aid budgets, although relatively small within the context of total Federal spending, are rarely popular among the American public. Typical of past foreign aid debates, early in the year the House agreed to modest initiatives to hold down foreign assistance spending -- at the initiative of Representatives David Obey and Mickey Edwards, lawmakers set aside \$135 million of the \$15.2 billion House-passed Foreign Operations Appropriations (H.R. 2621) for "deficit reduction" and further adopted an amendment trimming most foreign aid programs by 1 percent. Late in the year, however, as the economic recession appeared to deepen and Congress and the President sparred over domestic problems, opposition in Congress to foreign aid spending intensified beyond the level in previous debates. Foreign assistance became embroiled in domestic political disputes in which Democrats heightened their criticism of President Bush for paying too much attention to foreign policy matters and ignoring problems at home. A number of Members asked, for example, why the President was willing to consider a series of foreign and defense spending measures (i.e., Kurdish relief aid) as emergencies outside the budget ceilings, but would not regard in a similar way what they believed to be equally deserving emergency situations faced by Americans. At the same time, a growing "America first" attitude emerged, one aspect of which argued that foreign aid money would be better spent on funding related to domestic health, jobs, education and other programs. This view, which gained momentum during the final six weeks of the session, was a major factor in the House rejection of the foreign aid conference report, in blocking further attempts to revive a modified foreign aid bill, and in nearly de-railing a reduced Soviet aid package.

Foreign Aid and Economic Competitiveness

A fourth theme that was prevalent throughout much of the congressional foreign aid debate in 1991 was the question of using foreign assistance to serve American economic and commercial interests more directly. While the United States has not closely linked aid and export promotion activities in the past, other donors, most notably some European nations and Japan, have maintained a much stronger commercial orientation to their economic assistance programs. With economic issues and U.S. industrial competitiveness emerging as more important elements of a U.S. foreign policy in transition, some Members argued for a foreign aid program that would serve the development needs of recipient Third World countries as well as provide more direct opportunities for American exporters. Congress expressed frustration throughout the year over the lack of

progress at meetings held by the Organization for Economic Cooperation and Development (OECD) to negotiate limits or eliminate tied-aid credit practices of other donor governments, practices that U.S. policymakers have considered unfair and disruptive to an open international trading system. Some lawmakers proposed more aggressive U.S. countermeasures beyond the existing U.S. Export-Import Bank's "war chest" and mixed-credit programs if the negotiations failed.³

Congress considered three major legislative initiatives in 1991 that centered on the theme of combining foreign aid and commercial interests. However, the extent of disagreement both within Congress and between Congress and the executive branch illustrated the complexity of the issue and the competing interests involved in such a fundamental shift in the purpose of U.S. aid.

Perhaps most attention focused on a proposal made initially in 1990 but reintroduced with revisions in the new Congress by Senators Boren, Bentson, Byrd, and Baucus. Their bill, the "Aid for Trade Act of 1991" (S. 571), sought, among other things, to increase the level of capital projects funded by AID and to decrease the cash transfer component of U.S. aid. Greater emphasis on infrastructure projects, a prominent aspect of American assistance policy in the 1960s, would enhance opportunities for U.S. exporters of capital goods. The Senate approved, 99-0, a modified version of S. 571 as part of the foreign aid authorization, but conferees later altered the provision when it encountered strong State Department opposition and concern from some Members of Congress.

A second and also highly contentious issue related to aid and American competitiveness concerned a so-called "cargo preference" provision included in both Senate and House authorization measures, although with somewhat different language. In brief, the provision required countries that received cash economic aid to spend an equivalent amount on the import of U.S. goods and services. By linking American aid to the purchase of U.S. commodities, the measure triggered cargo preference statutory requirements, requiring that half of the goods imported be shipped on U.S. bottoms. The provision split Congress, and even after lengthy negotiations and proposed compromises with the executive branch, it remained one of four key issues in the final bill that would have prompted a Presidential veto.

³ During the mid-1980s, Congress appropriated funds to establish the so-called tied-aid "war chest" within the Export-Import Bank. When confronted with foreign government subsidized tied aid credits that threatened bids by American exporters, Eximbank officials could draw on the "war chest" as a countermeasure to such actions. Negotiators working within the OECD reached agreement in late November 1991 on a new tied-aid credit arrangement, effective December 16, 1991. Early assessment of the agreement was cautious, and it is uncertain whether the arrangement would satisfy congressional critics of other donor country tied-aid policies.

A final issue designed to promote U.S. exports came from the Administration early in the new Congress, but encountered forceful congressional opposition. In the wake of a declining defense budget and reduced funds for procuring arms from American suppliers, executive branch officials sought ways in which to help American defense manufacturers compete in international markets. They proposed a one-year "pilot" program for FY 1992 in which the Export-Import Bank would extend up to \$1 billion in guarantees and insurance to back U.S. commercial arms exports to Europe, Israel, and other nations if the President determined it to be in the "U.S. national interests." Despite assurances that it would not detract from other export sectors supported by the Eximbank or undermine other foreign policy interests, Congress remained largely unconvinced. Opposition surfaced on a number of grounds: that the program would "squeeze" cut civilian goods in Export-Import Bank credit activities; that, based on previous experiences of poor repayment record by foreign nations on military loans, it would further jeopardize the already tenuous financial position of the Eximbank; and that the initiative contradicted other U.S. foreign policy goals related to restraining international arms sales, particularly to the Middle East.

Members introduced several bills opposed to the plan and the House-passed Foreign Operations Appropriations measure (H.R. 2621) prohibited Eximbank from using FY 1992 funds for exporting any items on the U.S. Munitions List. Consequently, the Administration soon abandoned the idea. Senator Dodd, who had promoted the use of Export-Import Bank credits for a sale of helicopters to Turkey the previous year, introduced and successfully attached a modified version to the State Department authorization bill (S. 1433). His amendment, however, placed authority for a guarantee financing program under the State Department, using the Eximbank only as a partner, if appropriate, in facilitating commercial arms sales to Europe and Israel. Conferees meeting on the State Department legislation dropped the provision, and the initiative died in the first session.⁴

Executive-Legislative Management of Foreign Aid Programs and Clashes Over Policy

Congressional foreign aid debates routinely provoke sharp differences between the two branches as part of a broader dispute over the appropriate role of Congress in foreign policy making. In some cases, disagreements between the Congress and the President have been fueled by political considerations, representing fundamental disputes between a Republican White House and Democratic controlled legislature. The foreign aid discussion in 1991 included both elements as conflict developed over foreign policy making roles as well as partisan political differences.

⁴ For further details see, *Export-Import Bank: Financing Commercial Military Sales*, by James Jackson and Larry Nowels. CRS Issue Brief 91074 (archived December 1991).

For many years Presidents have complained of excessive interference by Congress in the management of foreign aid programs and country allocations. Much of the controversy has centered on executive-legislative disagreement over congressional "earmarking" of funds for both programs and selected countries deemed as high priority recipients by Congress. Many lawmakers view earmarking of both development program accounts and security aid country recipients as a means of establishing congressional priorities that the President might otherwise ignore. Executive branch officials argue strongly that earmarking, especially coming on top of overall appropriation reductions, undermines their flexibility to allocate funds in a way that most effectively serves U.S. interests and meets rapidly changing foreign policy needs.

In the Administration's draft bill for FY 1992, the President asked Congress to remove or modify a wide range of restrictions and conditions on executive branch implementation of U.S. foreign aid policy. In a message to Congress that accompanied the legislation, President Bush urged lawmakers to remove country-specific provisions from foreign aid laws, specifically citing conditions on aid to Pakistan that he termed particularly sensitive. Consistent with these efforts to enhance executive branch flexibility, the draft bill sought a lump sum appropriation for development assistance, removing what Administration officials regard as artificial budget limits that impede efficient programming of economic aid. The Administration also urged Congress to refrain to the maximum extent possible from earmarking security assistance funds. The draft legislation further sought expanded contingency authorities, including the establishment of a \$100 million "democracy" fund that would permit the President to respond quickly to the needs of newly emerging democratic movements around the world.

In several foreign aid bills, Congress responded partially to the President's call for greater flexibility, but not sufficiently to satisfy executive branch officials. House and Senate foreign aid authorization bills loosened a number of aid restrictions. The conference report on H.R. 2508 granted the President significant new contingency authorities, including an increase from \$10 million to \$45 million in the general Presidential foreign aid contingency fund, \$100 million for a democracy contingency fund, and \$10 million for a new Presidential contingency fund for any foreign policy purpose.

Nevertheless, throughout the legislative process in 1991, the White House raised strenuous objections to the shape of foreign aid bills drafted by Congress. Near the end of the session, as the House and Senate prepared to consider the foreign assistance authorization conference report (H.R. 2508), the State Department sent Members a strongly worded letter criticizing the compromise bill for retaining excessive earmarks, country aid restrictions and other examples of what they called congressional "micromanagement." The letter further stated that the President would veto the legislation due to two international family planning provisions and that his advisors would recommend a veto because of two other measures dealing with cargo preference and military aid grants linked with Greece.

Aside from the regular foreign assistance legislation, many lawmakers and the President also clashed over two other foreign aid-related issues: Israel's request for U.S. loan guarantees and congressional initiatives to provide post-coup aid to the Soviet Union. The latter issue, in particular, evolved into a sharp and highly partisan dispute late in the session. Democrats, after the surprise election of Harris Wofford in the special Pennsylvania Senate election, stepped up their criticism of President Bush for what they argued was his preoccupation with foreign policy matters and his lack of initiative on pressing domestic and economic issues. Sensing the need to maintain a lower profile on international affairs, the White House refused to support the proposal made by House and Senate Armed Services Committee Chairmen Les Aspin and Sam Nunn to use \$1 billion of the Pentagon's budget to help the Soviets control its nuclear weapons and to transport immediate humanitarian relief supplies. Without direct support from the President, congressional Democrats were not willing to press ahead with the initiative and their amendment was withdrawn. In the final days of the session, however, a bi-partisan group of lawmakers revived a modified, scaled down Soviet aid proposal providing \$400 million to control and destroy Soviet nuclear weapons and \$100 million to transport food and medical relief supplies. The White House still refused to endorse the initiative, although the President signed the legislation.⁶

⁶ In a speech on the eve of his visit to the Soviet Union in December, Secretary of State Baker announced that the Administration would utilize congressional authority to use defense funds for weapons security and the transport of humanitarian aid to the Soviet Union and republics.

CONGRESSIONAL FOREIGN AID DEBATE IN 1991

Congressional deliberations on foreign assistance issues in 1991 occurred in roughly three identifiable phases. The first phase began immediately when the 102d Congress convened in January and faced the rapidly escalating Persian Gulf crisis. During this period, lasting through May, Congress challenged the President to provide more assistance to war-affected states in the region and to expand humanitarian relief efforts for Kurdish refugees and victims of other disasters occurring around the world. While a few raised objections to the costs of the foreign aid supplementals, the legislation passed with broad, bipartisan congressional support.

During the second phase, which overlapped the Gulf war debate somewhat, congressional committees and later both Houses of Congress, considered the President's annual foreign aid budget request for FY 1992 and addressed the issue of realigning U.S. foreign assistance policy with new global realities. Between February and July, Congress debated both foreign aid authorization and appropriations legislation. During this phase, sharp differences over foreign aid funding and policy priorities emerged -- both between Congress and the President and within Congress itself. The debate, however, appeared similar to past foreign aid skirmishes. Despite congressional dissatisfaction with Administration aid reform proposals, threats of Presidential vetoes, and complaints of congressional "micromanagement," in early votes, the House and Senate both initially approved the bills by wide margins.

The final phase of the foreign aid debate began when Congress returned in September. Members faced new demands for foreign assistance spending -- Soviet aid and Israeli loan guarantees -- that had not been present when they recessed in July. At the same time, growing pessimism over the slumping economy and a rising domestic-focused sentiment convinced many that the United States, and President Bush in particular, had been quick to respond to needs abroad but had neglected problems at home. Some Democrats became convinced that the President's focus on foreign policy matters was a political liability that could be used in the 1992 election campaign. In this environment, support for foreign assistance evaporated quickly. The White House either sat on the sidelines or opposed congressional attempts to press forward with a Soviet aid package or the comprehensive authorization measure. Many Democrats, traditionally the most active proponents of a strong U.S. foreign assistance program, also withdrew their support of the pending legislation. Some Democratic leaders even suggested using foreign aid to pay for domestic priorities. When it adjourned in November, Congress had not taken final action on either of the major foreign aid bills, leaving great uncertainty over how the issue might be addressed in the new session.

EARLY FOCUS ON THE PERSIAN GULF WAR

As lawmakers convened in January for the beginning of the 102d Congress, their attention was riveted on the Persian Gulf and the countdown of the U.N.'s

ultimatum that Iraq withdraw from Kuwait by January 15. Over the next several months, Congress considered several foreign aid bills related to the Gulf crisis and in each case pressed for more assistance than the Administration had proposed for Israel, Turkey, and Kurdish refugees in and around Iraq.

Congress and the Administration had discussed the previous year how the crisis and possible war might effect U.S. foreign assistance allocations, and legislation enacted in late 1990 contained Persian Gulf-related aid provisions. As part of the Foreign Operations Appropriations Act for FY 1990, signed on November 5, 1990 (P.L. 101-513), as requested, Congress authorized the President to forgive Egypt's \$6.7 billion military debt owed the United States in recognition of the significant security and economic risks confronting Cairo as a major coalition partner.⁶ Congress also enhanced aid to Israel as part of the same legislation. Although budget limitations blocked efforts by some Members to add \$1 billion to the annual \$3 billion Israeli economic and military aid package, the FY 1991 appropriation measure included, among other things, authority to transfer to Israel \$700 million in excess U.S. defense equipment, primarily from Europe, an increase of \$100 million in U.S. military stockpiles located in Israel for use in emergencies, and permission for Israel to use \$200 million of its regular economic assistance for military purposes. Congress further authorized the transfer of excess defense articles to any military aid recipient that contributed troops to the coalition forces. Also in late 1990, Administration officials sought pledges from other developed countries to assist nations in the region most directly affected by the economic embargo against Iraq. Japan, for example, committed \$2 billion for the "front-line" states of Turkey, Egypt, and Jordan.⁷

Supplemental Aid for Israel and Turkey

Once the air war against Iraq began on January 16, and Iraq attacked Israel with Scud missiles, it became likely that Congress would consider further war-related aid proposals. It soon became clear, however, that the five-year budget agreement that was negotiated in late 1990 posed a serious obstacle to those in Congress endorsing a rapid U.S. response to additional aid requirements for Israel or any other affected state.⁸

⁶ The President exercised this authority on December 27, 1990. See, *Egyptian Military Debt Forgiveness: Costs, Implications, and the Role of Congress*. CRS Issue Brief 90127, by Larry Nowels. Archived December 6, 1991.

⁷ For more information on the contributions of other countries, see, *Persian Gulf War: U.S. Costs and Allied Financial Contributions*, by Stephen Daggett and Gary J. Pagliano. CRS Issue Brief 91019, update regularly.

⁸ The agreement established three discreet categories of Federal spending -- defense, domestic, and international affairs -- and set spending caps for each category for FY 1991 - FY 1993. Under the agreement, if spending exceeded the cap for a particular category -- international affairs, for example -- the
(continued...)

A fundamental concern of the Bush Administration was possible Israeli retaliation for the Scud attacks and the effect it might have on the Arab members of the coalition. On January 22, Israeli officials presented Deputy Secretary of State Eagleburger with a \$2.96 billion estimate of costs Israel would incur through February 15 as a result of the war, including such items as lost economic output, reduced tourism, and higher military expenditures. The Israelis also announced the need for \$10 billion in loan guarantees to help finance the resettlement over the next several years of as many as one million Soviet emigrants. Israel also denied that there was any linkage between these additional costs and an agreement not to retaliate against Iraqi attacks.⁹

On February 22, the White House submitted to Congress a supplemental request for Operation Desert Shield/Desert Storm that did not contain any additional foreign aid spending. Speaking two days earlier, OMB Director Richard Darman told a congressional committee that the budget agreement exemption for incremental costs of Operation Desert Shield/Desert Storm only applied to defense costs and not to foreign aid. Further, he said, "We do not construe the Desert Shield/Desert Storm emergency to be one which calls for additional foreign aid."¹⁰ Some in Congress, however, pressed the Administration to make some accommodation for affected states in the region. Twenty-two members of the House and Senate Appropriations Committees wrote the President on February 21 urging supplemental funds for defense-related needs of Israel and Turkey.

The next day, as the President transmitted his Operation Desert Shield/Desert Storm request, Israel formally asked the United States for an additional \$1 billion in military aid. While many Members supported supplemental assistance to Israel, they wanted the White House to join them in a bi-partisan support for the initiative. Administration officials reportedly believed the \$1 billion amount excessive, but following continuing congressional pressure, began to negotiate with Israel over an appropriate aid package. On March 5, U.S. and Israeli officials settled on a \$650 million supplemental for FY 1991 and the President amended his pending Operation Desert Shield/Desert

⁹(...continued)

President would sequester, or cancel across-the-board, sufficient funds from other programs in that category in order to bring spending back down to the limit. The budget agreement permitted some increase in the caps if, among other things, Congress and the President agreed that an "emergency" requirement existed. As the Gulf crisis escalated in late 1990, budget negotiators had agreed to consider Egyptian debt relief and defense spending for the incremental costs of Operation Desert Shield/Desert Storm as exceptions to the budget caps, thereby avoiding any adverse impact on other international affairs and defense spending.

⁹ Claiborne, William. Israel Seeks \$13 Billion More in Aid. Washington Post, Jan. 23, 1991, p. A24.

¹⁰ House Committee on Appropriations. Hearings, February 20, 1991.

Storm request. Also part of the agreement was a pledge by Israel not to seek any additional aid from the United States until after September 2, 1991.¹¹ This presumably referred to Israel's view that it would need \$10 billion in U.S. loan guarantees for absorbing Soviet emigrants. The promise to wait on the loan guarantees set the stage for a major confrontation between many in Congress and the President on the issue in September.

Congress acted quickly on the supplemental appropriation as well as a related authorization measure. The House and Senate agreed on March 6 and 13, respectively, to a bill authorizing the Israeli \$650 million package.¹² During debate on the Operation Desert Shield/Desert Storm supplemental appropriation (H.R. 1281), the House soundly rejected four amendments seeking to eliminate or reduce the amount of additional Israeli aid.¹³ The Senate supported aid for Turkey, as well as Israel, in recognition of Ankara's economic costs related to the war. Again, under pressure from Congress, the President amended on March 14 his pending supplemental request to add \$200 million for Turkey, a modification endorsed by the Senate and later by the House in the conference report.

House/Senate conferees to H.R. 1281 adopted a final Gulf war provision concerning Jordan, a measure that the Administration initially had strongly opposed. Members of Congress had repeatedly criticized Jordan for not supporting coalition efforts against Iraq and in February, President Bush reportedly suspended U.S. aid to Amman. Despite White House arguments that it would complicate postwar Mideast peace plans, the Senate passed an amendment placing more restrictive holds on future U.S. security assistance to Jordan. Bowing to Administration pressure, however, conferees softened the amendment by blocking only security aid funds appropriated in FY 1991 and permitting the President greater discretion for restoring the aid if he determined Jordan had taken steps to advance Middle East peace or that aid to Jordan would benefit the Middle East peace process.¹⁴ The Administration had also threatened a veto of the bill over other matters -- largely increased domestic spending provisions added by lawmakers. In most cases, the President's position

¹¹ Yang, John E. House Panel Approves \$15.8 Billion to Help Cover Added Gulf War Costs. *Washington Post*, March 6, 1991, p. A13.

¹² H.R. 1284, P.L. 102-21.

¹³ The House defeated the first amendment to delete the \$650 million on a vote of 24-397; the other three amendments lost on voice votes.

¹⁴ The President issued the necessary determinations to restore aid to Jordan on July 13, 1991 (economic assistance) and on September 16, 1991 (military aid). For further details on congressional action on this and other Jordan-related issues, see chapter on the Persian Gulf War.

prevailed.¹⁶ Congress approved the conference report on H.R. 1281 on March 22 and President Bush signed the bill on April 10 (P.L. 102-27).

Kurdish Relief Aid

Following the defeat of Saddam Hussein by coalition forces, a new crisis in the region erupted when Iraqi forces crushed Kurdish and Shiite rebellions and pursued fleeing Kurdish and other refugees to the northern border with Turkey and Shiite refugees in the south towards Iran. By early April, refugee populations had grown to about 1.7 million and international relief agencies issued urgent appeals. President Bush launched a U.S. effort -- Operation Provide Comfort -- that drew on existing resources and authorities to direct emergency food, shelter, and clothes to the refugees. Other international donors, however, criticized the initial U.S. response as being too slow and too small, and congressional leaders began to call for a stronger response. During the second week of April, House Foreign Operations Subcommittee Chairman David Obey wrote President Bush identifying \$130 million in additional funds that could immediately be made available without congressional action and Senate Majority Leader Mitchell said he would support a supplemental relief measure.¹⁶

While the Administration began to prepare an "emergency" supplemental bill, Congress acted. On April 23, the House Foreign Affairs Committee approved a \$400 million refugee relief authorization and the bill (H.R. 2122) passed the House a week later. The Senate acted on May 9 and the President signed the legislation on May 17.¹⁷ Meanwhile, the Administration submitted its own Kurdish relief supplemental on April 25, asking Congress for \$150.5 million in refugee and peacekeeping assistance. Under the President's plan, these funds would be appropriated from the Defense Cooperation Account -- an account into which coalition partners deposited payments to offset U.S. costs during the war. The \$150.5 million would be derived not from contributions made by foreign governments, but from the interest payments credited to the account, an amount that might total as much as \$295 million. The Administration's request also asked for the transfer of "such sums as may be necessary" from the Persian Gulf Regional Defense Fund¹⁸ to the Defense

¹⁶ Hager, George. Conferees Bow to Administration on "Dire Emergency" Measure. Congressional Quarterly Weekly Report, March 23, 1991, p. 728.

¹⁶ Dewar, Helen. 2 Hill Leaders Press Refugee Aid; Obey Says Money is Available to Bush. Washington Post, April 12, 1991, p. 31.

¹⁷ P.L. 102-45.

¹⁸ The Persian Gulf Regional Defense Fund, established by Congress with \$15 billion in U.S. funds, could be drawn upon by the Defense Department only to the extent that resources were not available from the Defense Cooperation Account.

Department to cover DOD costs of Operation Desert Comfort. Both expenses would be exempt from the spending caps in place under the new budget accord.

While Congress considered the Kurdish relief supplemental, disasters had struck or were continuing in other parts of the world, placing severe strains on U.S. Government resources. In the Horn of Africa, millions were at risk due to famine conditions, and in Bangladesh a cyclone and flood claimed nearly 200,000 lives. With these and other emergency situations in mind, the House Appropriations Committee added \$85 million to the relief package, bringing the total to \$235.5 million that would be available for current disasters and to replenish State Department accounts for future international emergencies.

Congress took over three weeks to work out differences and passed the final bill on May 22 (House vote 387-33). President Bush signed the measure on June 13.¹⁹ As enacted, the emergency supplemental included \$235.5 million for Kurdish and other refugee relief efforts, funds that could be derived from either interest payments or from contributions to the Defense Cooperation Account. Congress also granted \$320.5 million for Defense Department expenses associated with Operation Desert Comfort. Throughout the nearly one month debate, lawmakers expressed strong support and a sense of obligation for a generous U.S. response to the plight of Kurdish and other refugees in and around Iraq.

At the same time, however, some Members began to express their concern over problems facing Americans and the lack of similar consideration for "emergencies" at home as for international problems. Congressman Durbin (D-Ill.), for example, remarked,

This legislation and all the preceding emergency bills have related to foreign aid and military assistance. They are all deserved causes...I am for solving problems, but we should have equity. We should have some caring not only for the people overseas, we should have some caring for the people at home.²⁰

Congressman Fazio (D-Cal.) echoed those remarks by adding, "while I applaud the President's request for aid for the victims of this very real human tragedy in Kurdistan, I would like to know where the President's empathy is for those affected by disasters here at home?"²¹ These were sentiments that would grow in intensity during the rest of the year as Congress turned its attention to annual foreign aid legislation and growing demands at home as well as abroad.

¹⁹ H.R. 2251, P.L. 102-55.

²⁰ Remarks of Congressman Durbin. Congressional Record. May 9, 1991, p. H2914.

²¹ Ibid., remarks of Congressman Fazio.

CONSIDERATION OF REGULAR FOREIGN AID LEGISLATION

Simultaneously with Persian Gulf War supplementals, congressional committees began the lengthy process of reviewing the President's annual foreign aid budget request, conducting hearings, holding mark-up sessions to draft committee bills, and taking the legislation to the House and Senate floor for final consideration. Between February, when the President's budget arrived, and early August, when Congress recessed for the month, the House approved both the foreign aid authorization (International Cooperation Act of 1991; H.R. 2508) and appropriation (Foreign Operations, Export Financing and Related Programs Appropriations Act, 1992; H.R. 2621). The Senate, for the first time since 1985, debated and passed an authorization measure (International Security and Economic Cooperation Act of 1991; S. 1435). The Senate Foreign Operations Subcommittee, however, decided to wait until after the summer recess to take up the appropriation bill.

As a result of promises made by the Administration in 1990 and in view of the continuing dramatic global changes, each of the foreign aid authorizing committees expected the President's budget and draft legislation to contain policy changes reflecting fundamental modifications in U.S. foreign assistance programs. Representative Lee Hamilton, Co-chairman of the 1989 Foreign Aid Reform Task Force, for example, reminded Secretary of State Baker in early February that he hoped the Secretary would be "strongly supporting the efforts to rewrite and reform [the foreign aid] program in the next few days and weeks, because my sense is that the foreign aid bill needs major restructuring and that if you and President Bush in his first term are going to achieve it, this is the year to do it."²² In a similar vein, Senator Paul Sarbanes, Chairman of the Foreign Relations subcommittee reviewing the foreign aid budget, commented to Administration officials that,

I do not think it is an overstatement to say that the consensus that brought together those motivated by humanitarian, economic, and security interests...which existed for a good part of the postwar period, is to some degree fragmented today, and there is considerable disagreement over what the priorities of U.S. foreign assistance should be.²³

Details of the FY 1992 foreign aid budget arrived on Capitol Hill in early February, but a draft bill reflecting new policy initiatives was delayed until April. The overall foreign assistance budget proposal for FY 1992 sought \$15.9 billion in discretionary appropriations, an increase of 5.5 percent, or \$837 million, over the \$15.1 billion that had been enacted for FY 1991 in the two

²² U.S. Congress. House. Committee on Foreign Affairs. Foreign Assistance Legislation for Fiscal Years 1992-93 (Part 1). Hearings, February 6, 1991, p. 39.

²³ U.S. Congress. Senate. Committee on Foreign Relations. Overview of Foreign Assistance. Hearings, March 13, 1991, p. 1.

regular appropriation bills.²⁴ In terms of spending allocations, the request, with few exceptions, was largely the same as for FY 1991.²⁵ Dramatic shifts in budget priorities that many argued were necessary to realign foreign aid spending patterns with post-Cold War U.S. interests and needs were lacking. Also absent were significant modifications in the amounts of assistance requested for countries most directly affected by the Gulf war. With the exception of Turkey, the President did not seek to alter the aid levels received by these countries. Many lawmakers, believing that the reduction in East-West tensions would result in a reduced emphasis on the security component of the foreign aid program, were particularly critical of the President's request for increases in military assistance in FY 1992 -- military aid would rise by \$227 million, or 4.7 percent, over FY 1991, while bilateral development assistance would fall slightly.

²⁴ Congress appropriates foreign aid spending through two bills: the Foreign Operations Appropriation, which contains the bulk of money, and the Agriculture Appropriations which funds food assistance. Comprehensive foreign aid authorizing legislation, commonly labeled as the International Cooperation Act, excludes annual funding levels for several foreign aid programs, such as U.S. contributions to the World Bank and other multilateral development institutions, and food assistance. (The bills, however, do authorize multi-year U.S. participation in multilateral development banks.) Consequently, while the President requested \$15.9 billion for total foreign aid *appropriations* in FY 1992, *authorizing* legislation dealt with only a portion -- \$12.5 billion -- of that total.

²⁵ The implementation in FY 1992 of new budget rules (referred to as "credit reform") for appropriating U.S. Government loan and guarantee programs, made it difficult, and in some cases misleading, to make a straightforward comparison between FY 1991 and FY 1992 funding levels. Credit reform rules, which became effective at the beginning of FY 1992, required more appropriations than before for some loan and guarantee programs, but lower appropriations for others, depending on the nature of the program and the repayment record of borrowers. Low-interest loans extended through the Foreign Military Financing (FMF) program, for example, totalled \$403.5 million in FY 1991 and required appropriations for the entire amount. Under credit reform, the FMF loan program for FY 1992 required appropriations only for the "subsidy" value of the loans -- that is, the costs to the Treasury of lending at 5 percent interest rates instead of at market rates, and costs that might arise from late payments or defaults. For FY 1992 FMF loans, OMB determined that the costs to the Treasury, or "subsidy rate" was about 12 percent and the President's budget included a request for \$39.8 million to support a total FMF loan program of \$314 million. Credit reform affected other foreign aid budgets, including food assistance and housing guarantees, both of which required larger appropriations in FY 1992 to support the same size program as the previous year. After adjusting for the effects of credit reform on the FY 1992 request, the proposed foreign aid budget was about \$475 million higher than regular FY 1991 spending, representing an increase of about 3 percent or slightly less than the rate of inflation.

Draft legislation that followed in April contained a number of the recommendations from the 1989 House Foreign Affairs Committee task force report on foreign aid reform. It seemed, however, that the dominant theme of the Administration's request was the need to broaden executive branch flexibility and to restore what the President characterized as the "proper balance of congressional and presidential authority in the conduct of foreign policy."²⁶ The legislation, however, did not present the comprehensive blueprint for a new U.S. foreign aid policy in the post-Cold War era that some had hoped the President might propose; preparation of a more extensive revision, Administration officials said, was hindered by the Persian Gulf war and new problems and uncertainties raised by its outcome.

Congressional reaction by the responsible committees to both the budget request and the draft legislation was generally one of disappointment. Senator Patrick Leahy, chairman of the Senate Appropriations Foreign Operations Subcommittee, told the administrator of the Agency for International Development, Ronald Roskens, "I am concerned that the foreign aid budget which you have submitted still comes across as business as usual."²⁷ The majority of the House Foreign Affairs Committee agreed, concluding that, "Unfortunately, the executive branch's request for foreign assistance for fiscal year 1992, in the allocation of funds both among programs and among countries, continues the look of a Cold War foreign assistance budget."²⁸ Committee Chairman Fascell further remarked: "We finally got the Administration, I will say with good intent on their part, to do their rewrite...Basically, the way I read [it] is, give us the money and we will take care of it, and that is nice but, again, reality is such that we could not quite do that."²⁹ In referring to the budget request, the House Appropriations Committee noted that "once again the Administration has not sufficiently addressed the new opportunities and challenges that significant worldwide changes present for the United States, our

²⁶ President George Bush. The International Cooperation Act of 1991; transmitting his views on the proposed International Cooperation Act of 1991. April 15, 1991, House Document 102-64.

²⁷ U.S. Congress. Senate. Committee on Appropriations. Foreign Operations, Export Financing, and Related Programs Appropriations for 1992. Part 1. Hearings, March 12, 1991, p. 141.

²⁸ U.S. Congress. House. Committee on Foreign Affairs. International Cooperation Act of 1991; report to accompany H.R. 2508. House Report 102-96, June 4, 1991, p. 5.

²⁹ U.S. Congress. House. Committee on Foreign Affairs. Foreign Assistance Legislation for Fiscal Years 1992-93 (Part 9). Markup session, May 7, 1991, p. 14.

allies, and the rest of the international community."³⁰ The Foreign Relations Committee also concurred, characterizing the request in terms of both program and country allocations as one that "tends to reflect past allocations rather than the changing international political and economic scene."³¹ With this as the general reaction to the President's foreign aid submission, the committees began their work.

Foreign Aid Authorization Bill

It was clear from the beginning that the authorizing committees faced a formidable challenge in marshalling a foreign aid bill through Congress. The fact that many believed the effort should include a major rewrite of existing foreign aid laws made the process even more uncertain. What had been in most years during the 1960s and 1970s a routine annual exercise, the task of enacting legislation authorizing foreign assistance became nearly impossible during the 1980s. Administration positions on Central America and an emphasis on security assistance programs sparked major clashes with Congress that contributed to the failure to enact foreign aid authorizations in all but 1981 and 1985. The House approved foreign assistance measures in 1987 and 1989, but the Senate failed to act. As a result, the foreign aid program operated in most years during the 1980s under the guidance of appropriation bills and continuing resolutions.

House Debate

As noted above, the House effort in 1989 was closely associated with the work of the Hamilton/Gilman reform task force. Legislation that passed the House that year (H.R. 2655) included some task force recommendations, but failed to address one of the report's major -- but controversial -- proposals to limit congressional earmarks and restrictions placed on Presidential discretionary authority. The 1989 debate also included sharp discussions over abortion and international family planning programs and a cargo preference provision. The outcome of debates on these and other contentious provisions caused strong Administration opposition to H.R. 2655.

As the House Foreign Affairs Committee moved through the process of passing a foreign aid bill in 1991, it confronted many of these same issues that stymied consensus building two years earlier. As it had in 1989, the full Foreign Affairs Committee drafted a bill focusing on general, worldwide foreign aid policies, authorities, and restrictions, drawing extensively from the

³⁰ U.S. Congress. House. Committee on Appropriations. Foreign Operations, Export Financing, and Related Programs Appropriations Bill, 1992; report to accompany H.R. 2621. House Report 102-108, June 12, 1991, page 6.

³¹ U.S. Congress. Senate. Committee on Foreign Relations. International Security and Economic Cooperation Act of 1991; report to accompany S. 1435. Senate Report 102-100, July 2, 1991, p. 2.

Hamilton/Gilman Task Force. Much of this portion of the draft ran parallel to legislation submitted by the President on April 12.

Controversy developed, however, when subcommittees attached allocations for particular programs and regions to the draft bill and the full committee began marking up a complete bill. It was at this point that some observers, both in Congress and the executive branch, began to conclude that prospects for meaningful change in foreign aid reform legislation were dim.³² When the full Foreign Affairs Committee met on May 7, ranking Minority Member Representative William Broomfield submitted letters from the Agency for International Development and the State Department expressing grave concern over the shape of the committee draft. Both letters emphasized Administration opposition to many of the regional and country provisions added by the subcommittees. AID noted: "In taking a 'business as usual approach,' the subcommittees have excessively earmarked funds and further reduced the President's ability to effectively provide foreign assistance." The State Department concurred: "Unfortunately, most subcommittees have recommended legislative language that stands in sharp contrast to the direction taken by the administration."³³ Mr. Broomfield concluded that "Without substantial revisions, this legislation will be dead on arrival."³⁴ Committee Republicans proposed separating the "core" elements of the draft bill -- those more acceptable to the Administration -- from the subcommittee titles containing the bulk of earmarks and restrictions, and considering the two measures separately in committee and on the House floor. The committee, however, rejected the amendment by voice vote.

In the course of the markup, however, the panel added more controversial provisions strongly opposed by the President. The full committee, by voice vote, accepted a provision to overturn Administration policy on international family planning (commonly referred to as the Mexico City policy, named for the 1984 conference where it was unveiled) that banned U.S. assistance to organizations that provided or promoted abortion as a method of family planning. The committee further added a provision earmarking U.S. contributions to the United Nations Population Fund, an international family planning program banned for several years from receiving U.S. aid due to the nature of its assistance in China and allegations that China's program involved coercive abortion and sterilization practices.

The committee bill also included a provision from the 1987 and 1989 foreign aid measures regarding cash transfer aid, purchases of American goods, and transport on U.S. ships -- referred to as the "cargo preference" provision.

³² See, for example, John Goshko. Outlook on Overhauling Foreign Aid: Little Chance. Washington Post, May 9, 1991, p. A19.

³³ Foreign Assistance Legislation for Fiscal Years 1992-93 (Part 9), p. 3 and 6.

³⁴ Ibid., p. 39.

In several ways, the amendment was related to the general theme raised throughout 1991 concerning the use of foreign assistance to enhance American competitiveness abroad. The provision required countries that received cash aid to spend a matching amount on the import of U.S. goods and services. By linking American aid to the purchase of U.S. commodities, the measure activated cargo preference requirements, requiring that half of the goods imported be shipped on U.S. bottoms. Like the Senate "Aid for Trade" supporters, proponents of the "cargo preference" provision objected to the large transfers of cash under the current aid program. It was reasoned that if policymakers were unwilling to reduce the cash component of economic assistance, at least this requirement would insure that recipients use the aid to buy American goods, thereby promoting U.S. exports. The provision would have the additional benefit, from their perspective, of applying cargo preference laws to assist the ailing U.S. maritime industry. But the initiative divided export interests in the Congress, with Members from agricultural states strongly in opposition. Critics maintained that the measure would have little or no effect on export opportunities because cash aid recipients already imported more from the United States than the amount of the cash they received. Congressional opponents charged that the proposal was simply a means to impose cargo preference laws on U.S. sales that would occur in any case. With the higher U.S. shipping costs, agriculture exporters feared that the cargo preference requirement would drive current commercial customers to other food supplying nations. Other critics also complained that the measure would undermine the flexible foreign policy and economic reform uses of cash assistance and that it would be impossible to maintain a balance of goods shipped from various regions in the United States.

As reported on June 4, H.R. 2508 rewrote major portions of the Foreign Assistance Act of 1961 and the Arms Export Control Act, and authorized \$12.4 billion, about \$100 million below the President's request. The committee's major shift in resource allocation came in a \$414 million reduction of security aid and a \$314 million increase for economic development programs. The House panel boosted development aid for Africa by \$200 million, 25 percent above the FY 1991 level and the President's budget request of \$800 million.

But the legislation continued to face stiff opposition from the Administration and from committee Republicans as it moved to the House floor. Twelve Republican members warned that the bill contained "serious flaws" and that they would recommend that House Republicans reject the measure unless changes were made.³⁵ A White House policy statement on the reported bill complained about excessive earmarks and restrictions, reversal of Administration international family planning policy, and the cargo preference provision, and warned that the President's senior advisors would recommend a veto of the legislation.³⁶ The House debated the bill over five days and approved scores of

³⁵ International Cooperation Act of 1991; report to accompany H.R. 2508. p. 236.

³⁶ Statement of Administration Policy -- H.R. 2508. Congressional Record. June 11, 1991, p. H4272.

amendments, some of which drew sharp criticism from executive branch officials -- especially those adding conditions on aid for India, Jordan, and the Soviet Union. Members rejected, however, attempts to delete the UNFPA earmark and to restore the Mexico City policy. The House also defeated 175-246 an amendment to delete the cargo preference language. House leaders did agree, nevertheless, to avoid the issue of aid for El Salvador -- a matter likely to embroil the legislation in further controversy. Despite Administration objections, continued threats of veto, and controversial foreign policy provisions still contained in the bill, the House approved H.R. 2508 on June 20 by a relatively comfortable margin of 274-138.

Senate Debate

While the House debated and passed its foreign aid authorization bill, much uncertainty lingered in the Senate as to whether a companion bill would emerge from committee and proceed to floor consideration. As noted above, House-passed legislation died in the Senate in 1987 and 1989, and some skeptics believed 1991 would be no different. Many observers, however, believed that a reorganization of the Senate Foreign Relations Committee provided renewed hope that this year's effort would result in enactment of a bill. Under the reorganization, the full committee granted greater authority and responsibilities to its subcommittees. The International Economic Policy, Trade, Oceans, and Environment Subcommittee, with Senator Sarbanes serving as chairman and Senator Mitch McConnell as the ranking Republican, was given the task of drafting a foreign aid authorization and moving the bill through the Senate.

Like others in Congress, Senator Sarbanes and some members of the subcommittee believed that the foreign aid program needed a major overhaul. From the early stages of its consideration, however, it was apparent that the Senate panel, unlike the House, was not inclined to attempt a major re-write of existing foreign aid legislation. While the House Foreign Affairs Committee built on nearly three years of work in 1991 to produce a comprehensive new foreign aid act, Senator Sarbanes and his colleagues were just beginning the task of producing a bill. During hearings, Senator Sarbanes noted the "extraordinary global changes" that contained major implications for U.S. foreign assistance and for American foreign policy more generally. He cautioned that:

While such a serious and thoughtful review cannot be accomplished within a matter of weeks, probably not even within a matter of months, it needs to be addressed, and we need to see whether even in the near term, as we deal with the present authorization cycle, the subcommittee can find some ways to address these new challenges. In the longer term, we obviously will need to look at the very basis of the rationale of the programs in light of changing circumstances.³⁷

³⁷ Overview of Foreign Assistance, p. 51.

It seemed likely that the Senate bill would take a very different form than the House bill, although the debate would reflect many of the same issues and controversies.

Following subcommittee markup, the full Foreign Relations Committee further amended and agreed to the foreign aid authorization -- S. 1435 -- on July 2. Like the House, the Senate panel reduced the President's request by about \$100 million. The committee trimmed the Administration's military aid request by only \$140 million, far less than the House. But in what was to become a major point of friction, the Senate panel converted the military program to all grants rather than retaining a small loan program recommended by the President. The major beneficiary of this change was Greece, which the Administration had slated to receive \$285 million of its total \$350 million military aid package in the form of below market (5 percent) loans. Because of new credit reform rules (see above, footnote 23) that required full appropriations for grants but only about 12 percent appropriations for the amount of military loans, the effect of this change to an all-grant program meant a reduction of nearly \$500 million in the total size of military assistance for FY 1992. On other controversial issues, like the House companion bill, the Senate bill reversed the Mexico City policy and adopted a cargo preference provision, although in slightly different forms than the House text.

More to the Administration's liking, however, the Foreign Relations Committee made it a point to accept a number of measures suggested by the President and provided greater flexibility in executive branch management of the aid program. The House had also addressed several of these matters, but the Senate panel seemed to emphasize the issue to a greater extent in its report. The Foreign Relations Committee increased the size of the President's foreign aid contingency fund from \$25 million to \$40 million, raised the cap on international emergency drawdowns from defense stocks from \$75 million to \$100 million, revived an expired authority to permit the President to use \$75 million earmarked Economic Support Funds for purposes other than those earmarked, established a \$10 million foreign policy contingency fund, as requested by the President, and partially eliminated development program earmarks. Overall, the Senate bill contained far fewer country earmarks than the House legislation. S. 1435 also authorized the Administration's request for \$12 billion U.S. share in a recently negotiated quota increase for the International Monetary Fund.

At the outset of Senate debate, the executive branch called the Senate measure a "considerable improvement" over the House-passed bill. Although, from the President's perspective, the bill fell short of making sweeping reforms for foreign assistance, it represented "a positive first step towards meeting those reform objectives." The Administration noted, however, two provisions -- repeal of the Mexico City family planning policy, and cargo preference -- that would likely trigger a Presidential veto.³⁸ Executive branch officials also expressed

³⁸ Letter from Deputy Secretary of State Eagleburger to Senator Dole. Congressional Record, July 23, 1991, p. S10673.

deep reservations over other sections, especially those concerning Middle East arms control, aid levels for Greece and Turkey, and military aid grants, and encouraged the Senate to make significant modifications.

During three lengthy days of debate in late July, the Senate considered a foreign aid authorization measure for the first time since 1985. Members adopted 56 amendments, some which added new controversy to the bill, but rejected or forced withdrawal of some potentially more contentious provisions. Senator Paul Simon successfully offered an amendment earmarking \$20 million for the U.N. Population Fund, making the Senate bill parallel to the House measure on international family planning issues. The Senate rejected an effort to delete the cargo preference section. On other sensitive issues -- opposing the linkage of U.S. aid to Israeli settlements policy in the occupied territory, conditioning U.S. Middle East arms sales on Arab democratization and regional aid initiatives, and withholding half of El Salvador's military aid -- threats of a filibuster by opponents convinced sponsors to withdraw their proposals. The Senate also soundly rejected two cost-cutting amendments -- one that would have deleted the \$12 billion IMF authorization (defeated 31-65), and another that would have reduced authorizations by 10 percent and transferred the savings to domestic education and law enforcement services (tabled 87-12).³⁹

The issue of using American foreign aid to enhance U.S. economic competitiveness more directly also came before the Senate for the first time during debate on S. 1435. This initiative, introduced by Senators Boren, Bentson, Byrd, and Baucus as the "Aid for Trade Act of 1991" (S. 571), proposed to reduce U.S. cash assistance and increase funding for capital projects. A reduction in budget support cash transfers, they argued, would keep Third World recipients from using American cash aid to purchase commodities from trade competitors and provide the necessary resources to fund capital projects without transferring money from more poverty-oriented aid programs. In introducing the bill, Senator Boren asserted: "We must use our foreign policy assets in order to enhance our economic power. We must use our foreign aid program to develop new long-term markets to restore some of our lost share of world trade."⁴⁰

Another element raised by the bill's sponsors paralleled the call noted above for a realignment of overall U.S. foreign aid objectives. With an aid program still mired, from their perspective, in the security battles of the Cold War, the "Aid for Trade" proponents contended that their approach would restore

³⁹ Deleting the IMF authorization represented a "cost-cutting" amendment only in the sense of reducing \$12 billion in budget authority. No U.S. funds are actually given to the IMF -- the United States exchanges dollars for Special Drawing Rights (SDRs), the IMF "currency." Consequently, the IMF authorization and appropriation does not result in an outlay of U.S. resources and has no impact on the Federal deficit.

⁴⁰ Aid for Trade Bill Would Overhaul Foreign Aid Program. Press release of Senator David Boren. March 6, 1991.

"balance" to the program. Senator Bentson argued that "we can keep body and soul together if we adopt a balanced foreign aid policy that recognizes our traditional moral leadership and our growing economic challenges. Greater tied-aid can help us strike that balance better."⁴¹

Senators resoundingly endorsed a modified version of the "Aid for Trade" initiative 99-0, attaching it as an amendment to the foreign aid authorization measure. But the surrounding debate and consideration elsewhere in Congress suggested a more cautious attitude towards the proposal and what it might represent for the future shape of American foreign aid. Senator Sarbanes, floor manager of the authorization bill, supported the amendment, but noted, "I think that [the increase in capital projects] is a very significant shift. And I do not know what all of its repercussions will be, in terms of the current assistance program, and the recipients, and how they will be impacted by it."⁴² Similarly, Senator Leahy told the Senate earlier in February,

I am willing to consider ways AID might begin financing more capital and infrastructure projects. We must work to make our Foreign Aid Program much more supportive of our economic competitiveness abroad. But, at the same time I have many questions about moving too quickly back into the old days of tying our economic and development aid programs directly to purchases of U.S. products and services, and financing of massive capital projects...The point is there is no easy solution to how best to use our foreign aid to improve our export markets and also achieve our economic development goals...we must not forget that our foreign aid programs serve multiple goals...⁴³

Administration policy on the "Aid for Trade" initiative was mixed, and at times appeared confused. Fundamental disagreements existed within executive agencies over the idea of more closely linking aid and commercial interests. Some parts of AID, for example, fully supported the "Aid for Trade" concept, but opposed establishing rigid amounts the agency should allocate each year for capital projects.⁴⁴ But other parts of AID expressed caution, concerned that commercial justifications would overshadow development purposes in future agency decisions and that resources might be diverted from economic policy reform programs and poverty projects. The State Department strongly opposed

⁴¹ Senator Lloyd Bentson. *America First (Cont.)*. Washington Post, September 30, 1991, p. A11.

⁴² Remarks by Senator Sarbanes during debate on S. 1435. *Congressional Record*, July 25, 1991, p. S10868.

⁴³ Remarks of Senator Patrick Leahy. *Congressional Record*. February 6, 1991, p. S 1656.

⁴⁴ In December 1990, AID announced a new Partnership with Business and Development Initiative which emphasized the growing importance of capital projects in the agency's overseas program.

the initiative, believing that it would undermine the flexible use of foreign assistance in support of political and broad foreign policy goals. The "official" Administration position, as noted later in a State Department letter to House and Senate conferees on September 13, stated that the President's "senior advisors" would recommend vetoing the bill if the Senate-passed "Aid for Trade" provision remained in the final text.⁴⁵

Despite frequent predictions throughout the year that Senators would not approve legislation authorizing foreign aid, the Senate voted 74-18 on July 26 to pass the International Security and Economic Cooperation Act of 1991. Although the bill had progressed farther than many had thought, it still faced considerable obstacles. When Congress returned from the summer recess in September, House and Senate committee leaders planned to convene conference committee meetings in which they anticipated two major challenges: reconciling the very different approaches taken in the bills, and overcoming Administration veto threats, especially concerning family planning policy, cargo preference, and "Aid for Trade."

House Consideration of Foreign Aid Appropriations

In sharp contrast to the exhaustive and at times acrimonious debate surrounding House and Senate foreign aid authorization bills, the House considered and approved the Foreign Operations Appropriations for FY 1992 (H.R. 2621) by a wide margin (301-102) in a relatively quiet and restrained debate. To some extent, this resulted from the restricted rule under which the House considered the bill. But with fewer earmarks and legislative restrictions than the authorization measure, executive branch officials registered few complaints and the legislation seemed to have more bipartisan support, particularly within the House subcommittee that drafted the bill.

Like other congressional committees of jurisdiction, the House Foreign Operations Subcommittee found the President's budget request lacking. In 1990, the subcommittee had asked the Administration to devise a five-year plan for adjusting the foreign aid program to better support shifting American priorities. However, without input from the executive branch, the subcommittee moved forward with what it termed a second installment "in a five year plan to adjust foreign aid spending to the end of the Cold War."⁴⁶ Like other congressional initiatives, legislation reported by the subcommittee reduced the President's military aid financing request by \$410 million and shifted the savings to economic programs. The bill added nearly \$100 million to development programs, increased African aid by \$200 million, and augmented refugee activities by about \$260 million.

⁴⁵ Letter from Acting Secretary of State Lawrence Eagleburger to Senate Foreign Relations Committee Chairmen Pell and House Foreign Affairs Committee Chairman Fascell. September 13, 1991.

⁴⁶ Doherty, Carroll. A World of Difference Lurks Behind Foreign Aid Vote. Congressional Quarterly Weekly Report. June 22, 1991, p. 1680.

Subcommittee chairman David Obey had indicated earlier that he might press members of his panel to cut the overall foreign aid budget, which he termed "a perennially unpopular expense for most Americans."⁴⁷ Following his recommendation, the subcommittee proposed a \$135 million "deficit reduction" appropriation that would go directly to the U.S. Treasury to lower Federal red ink. Overall, the reported bill appropriated \$15.34 billion,⁴⁸ nearly identical to the President's request. Taking into account the "deficit reduction" provision, however, the measure cut foreign aid spending by nearly \$135 million from the Executive Branch request. The subcommittee also rejected the Administration's request for the \$12.2 billion IMF quota increase.

While the legislation excluded some of the most contentious issues of the authorization bill -- Mexico City family planning policy, cargo preference, "Aid for Trade" -- it did not totally escape provisions likely to provoke a veto. During Foreign Operations Subcommittee markup, the panel agreed to an amendment earmarking \$20 million for the U.N. Population Fund. An effort to delete the earmark failed at full committee markup, but a further amendment offered by Subcommittee Chairman Obey concerning UNFPA funding was adopted, with a new twist that kept abortion opponents off-balance. The Obey amendment earmarked \$20 million for the UNFPA, but only if Congress extended most-favored-nation trade status to China; if Congress rejected MFN for China, UNFPA would lose U.S. funds. Calling his amendment the "Hypocrisy Reduction Act of 1991," the subcommittee chairman complained about inconsistent Administration policy on China -- opposition to UNFPA contributions because of Chinese coercive family planning practices, but support for MFN status for China. Republican opponents of UNFPA aid agreed that Congressman Obey's approach presented a dilemma and that it would be difficult to vote against it. Nevertheless, the Administration continued to state that it would veto any bill containing money for the UNFPA.⁴⁹

Most of the controversy during House floor debate on H.R. 2621 centered on the legislative process rather than the substance of the bill. Republicans were particularly angered over the restrictive rule that limited amendments and prevented efforts to strike provisions from the bill. Chairman Obey defended the rule, emphasizing that it was similar to procedures in past years and that the rule protected every amendment submitted by Republicans. The rule passed, but with 37 fewer votes than the bill itself. In just over 90 minutes, the House adopted five amendments, including one to reduce foreign aid spending in the bill by an additional one percent. The measure passed on June 19 by a vote of 301-102, with 103 Republicans joining 197 Democrats in the majority.

⁴⁷ Foreign Operations. Congressional Quarterly Weekly Report. May 4, 1991, p. 1111.

⁴⁸ The Foreign Operations Appropriations bill also includes funding for the Export-Import Bank, a program not defined as "foreign aid."

⁴⁹ Doherty, Carroll. Amendment Links MFN Status to Family Planning Fund. Congressional Quarterly Weekly Report. June 15, 1991, p. 1599.

FINAL STAGE: NEW OVERSEAS DEMANDS, PRESSURES AT HOME

When Congress returned to work in early September, it faced a significant new challenge stemming from yet another startling world event. On August 19, Soviet hardliners staged a coup to wrestle power from President Gorbachev. Within days, the takeover began to unravel and by week's end, Gorbachev had returned to Moscow and the coup had failed. But the aborted coup unleashed forces within the Soviet Union that led to the rapid fragmentation of Moscow's authority, the emergence of a commonwealth agreement among independent republics, and by year's end, to the end of the Soviet Union and the leadership of Mikhail Gorbachev. Perhaps not on the same scale of international drama and significance, but nevertheless something that resulted in a new complication for Congress, was Israel's long anticipated request for the United States to guarantee \$10 billion in commercial loans over the next five years to help resettle Soviet and other emigrants in Israel. In both cases, many Members pressed for a rapid U.S. response, placing further demands on foreign aid decisions scheduled for consideration in the coming weeks.

Calls for a bold initiative to aid the Soviet Union and its republics, to support Israel's request, and to adjust pending foreign aid bills to reflect these and other competing overseas requirements, however, were countered by a congressional and public desire to concentrate on domestic issues rather than foreign policy. Indicative of this growing concern over the domestic economy and problems at home was the continuing clash between the President and a congressional initiative to extend unemployment benefits for out-of-work Americans. Immediately before leaving Washington in early August, Congress approved by a wide margin (375-45 vote in the House) legislation (H.R. 3201) allowing the President to declare a budget "emergency" and extend benefits for Americans who had exhausted their unemployment compensation. Although President Bush signed the bill on August 17, he disagreed with the need to implement a benefit extension and refused to declare a budget "emergency." Congressional critics seized on this as evidence of the President's preoccupation with international problems and his willingness to take "emergency" actions to address foreign needs while he was unwilling to regard domestic problems in the same "emergency" framework.⁵⁰ Congressional Democrats immediately began to draft alternative unemployment packages, one of which proposed paying for extended benefits with foreign aid funds. It was within this environment, that Congress moved forward in the final months of 1991 to complete work on the major foreign aid authorization and appropriation legislation.

Soviet Aid Initiatives

The issue of how and at what pace the United States should extend assistance to the Soviet Union had already been the focus of much congressional

⁵⁰ As of September 1991, increases in the FY 1991 budget authority caps due to enactment of "emergency" appropriations totalled \$44 billion for defense, \$1.145 billion for foreign policy programs, but only \$44 million for domestic activities.

discussion prior to the August coup. The pre-coup debate, however, maintained a largely cautious theme with lawmakers concerned that the United States should not aid its former enemy unless strong evidence of economic and political reforms continued. The House and Senate had added similar text to H.R. 2508 and S. 1435, respectively, setting out broad conditions under which Moscow could receive future assistance. The Senate also adopted (98-1) in July an amendment that blocked any American aid until the Soviets stopped assisting Cuba. The House Appropriations Committee had urged the United States and its allies to design Soviet aid programs, but within a "context of meaningful Soviet actions" on matters relating to radical economic reforms, arms control agreements, democratization initiatives, and responsible international behavior, especially in Latin America.⁶¹ Both House-passed foreign aid bills (H.R. 2508 and H.R. 2621) approved a modest \$15 million program to support democratic and market-oriented reform efforts in the Baltic states and the Soviet Union.

But in the wake of the August coup attempt and a very different environment within which to consider Western aid, some lawmakers put forward new Soviet initiatives even before Congress returned. House Majority Leader Gephardt announced on August 27 that he would urge President Bush to relax the budget rules that blocked transfer of Federal spending among the three broad budget categories and allocate between \$1 billion and \$3 billion of defense funds to aid Moscow.⁶² The next day, House Armed Services Committee Chairman Aspin unveiled a proposal to use \$1 billion from the Pentagon's budget for FY 1992 to provide humanitarian food and medical aid to help the Soviets get through what many were predicting to be a difficult winter. But Representative Aspin emphasized that his plan should not be framed in traditional "foreign aid" terms, but rather, as "defense by different means." The existence of 30,000 nuclear weapons in a country beset with chaos and instability represented a significant threat to the United States. Moreover, should Soviet citizens confront growing hunger, sickness, and deprivation as winter approached, pro-democracy reformers might lose credibility and become vulnerable to yet another coup attempt by hardliners. Therefore, he argued, since his initiative directly supported American national security interests, it should be paid for out of the Pentagon's budget, and did not violate the rules of the 1990 budget agreement.⁶³

The Aspin proposal came under immediate fire from the Administration and from some Members of Congress. President Bush termed the initiative as premature, while Secretary of Defense Cheney responded that "We need to avoid the kind of foolish response that damages our own security in the name of

⁶¹ House Report 102-108, p. 11.

⁶² Dewar, Helen. Gephardt Backs Using Defense Funds to Aid Soviets. *Washington Post*. August 28, 1991, p. A17.

⁶³ Transcript of News Conference of Congressman Les Aspin. August 28, 1991.

helping the Soviets."⁶⁴ Congressional critics approached the issue from different perspectives. Some feared that the defense budget was rapidly becoming the source of funds for a wide range of non-defense activities and that paying for Soviet assistance with Department of Defense money was yet another example. From another view, some lawmakers called for deeper cuts in defense spending but argued that such reductions should benefit domestic programs, not Soviet problems. Some pointed out the irony of diverting a large portion of the long anticipated "peace dividend" to aiding America's Cold War adversary while leaving unsolved U.S. deficit and economic woes.

Nevertheless, other lawmakers joined Representative Aspin in calling for an American strategy to address short-term Soviet needs of food and medicine as winter approached. Senator Nunn, Chairman of the Senate Armed Services Committee, added a different element by calling for U.S. assistance in converting the Soviet military industrial complex to civilian production and for securing and destroying Moscow's nuclear arsenal. The debate over how to respond to the rapidly changing events in the Soviet Union continued throughout the remaining weeks of the session. Representative Aspin and Senator Nunn combined their ideas into a \$1 billion Soviet aid program and it was widely assumed that some legislative proposal would emerge from the conference committee deliberations on the Defense Authorization Act for FY 1992/1993 over which the two lawmakers presided. As the conference committee proceedings dragged on through October and into November, however, sentiment grew to emphasize domestic needs and support for a Soviet aid initiative waned. Congress would not settle the issue until the final day of the session.

Israel's Request for Loan Guarantees

In March, Israel had agreed not to seek additional U.S. assistance beyond the \$650 million Gulf war supplemental until after the congressional summer recess. Accordingly, Israel waited until September 6 to request formally American guarantees to back \$10 billion in commercial loans over the next five years to help absorb Soviet immigrants resettling in Israel. The request came as no surprise -- Administration and Israeli officials had been posturing throughout the summer over how to address the issue when it would surface in September. But the initiative raised both foreign policy and budgetary complications that none of the pending foreign aid bills had addressed. On the policy side, President Bush reportedly hoped to use the loan guarantees to strengthen Israeli support for the upcoming Middle East peace conference and to discourage further Israeli housing settlements in the occupied territories. Israel and many congressional supporters vehemently rejected any linkages between the loan guarantees and either the peace talks or settlement policy, arguing that helping Israel resettle the large numbers of arriving immigrants should be regarded as a humanitarian gesture by the United States. Regarding budgetary constraints, since the request called for U.S. Government *guarantees* and not direct aid, the actual appropriations required to back the loans would

⁶⁴ Aldinger, Charles. Cheney Warns Against 'Foolish' U.S. Defence Cuts. Reuters News Service. August 29, 1991.

be considerably less than \$10 billion. Under new budget rules concerning U.S. credit programs, loan guarantees, which previously required no appropriated funds, would now need Congress to approve the "subsidy" cost of the loan guarantees.⁶⁵ Although OMB would eventually determine the subsidy cost, and consequently, the appropriation figure, speculation over what the final amount would be varied considerably: Israeli officials, noting Israel's good debt service record and optimistic economic forecasts, argued the subsidy cost should be an insignificant amount, perhaps less than one percent; other observers, including some economists, however, projected less favorable economic conditions for Israel in the coming years, and suggested that the subsidy appropriation should be much higher, perhaps \$1 billion or more over the five years.

Immediately upon receiving the request, President Bush asked Congress to delay consideration of the absorption aid package for 120 days, or until early 1992, so as not to disrupt the tenuous planning for the Mideast peace talks scheduled for October. The President maintained his position hardened over the following days and on September 12, he added that he would veto any bill containing the Israeli loan guarantees approved by Congress in the first session.

The White House position sparked furious opposition from the Israeli government, pro-Israeli lobbies, and from many Members of Congress. Critics accused the Administration of violating the March agreement to consider the loans in September and continued their attack on linking the aid package with other policies. President Bush, however, gained support on Capitol Hill from two key Members of Congress that was instrumental in fashioning a compromise over what many believed was shaping up as an explosive confrontation between the two branches. Senator Leahy, Chairman of the Senate Foreign Operations Subcommittee, the panel that most expected would initiate action on loan guarantees, announced in early September that, while he strongly supported the Israeli request, he felt that if the President believed a delay would help the peace talks, he would back the President. In order to head off immediate confrontation on the issue, he said that he would defer subcommittee action on the Foreign Operations Appropriation bill until late 1991 or early the next year.⁶⁶ Senator Leahy's counterpart in the House, Representative Obey, also announced his support for delaying the loan guarantee issue, and the most direct legislative path for considering the Israeli request appeared blocked.

⁶⁵ The Office of Management and Budget is responsible for coordinating U.S. agency estimates of the cost of government guaranteed loans, taking into account such factors as the cost of the money at the time the loan is issued, the interest rate charged by the lender, and the risk to the United States that it may be required to make payments in the future if a lender is not paid under the terms of the loan. In short, the subsidy estimate represents what the U.S. Government could reasonably expect to lose over the entire life of the loan transaction.

⁶⁶ Doherty, Carroll. Loan Guarantees for Israel Could be Delayed. Congressional Quarterly Weekly Report. September 7, 1991, p. 2568.

Alternative legislative strategies existed for proponents of the guarantees, but as the exchange between American and Israeli officials intensified, including the charge by one Israeli cabinet minister that President Bush was an anti-Semite, congressional leaders began to talk of a compromise solution.⁵⁷ With public opinion running strongly in support of the President's position -- 86 percent by one poll -- it became unclear whether "veto-proof" support remained in Congress. By late September, it appeared that lawmakers supporting the loan guarantees shifted their position from calling for immediate consideration to seeking the most favorable terms under which Congress would debate the proposal in early 1992. Senators Robert Kasten and Daniel Inouye, together with 68 other Senators, published an amendment they planned to offer to the pending Foreign Operations Appropriation bill on October 2 that established a \$10 billion loan guarantee program for resettling refugees in Israel. Their proposal waived several of the fees and conditions which usually applied to U.S.-backed loan programs and constructed the funding requirements in a way that would avoid the requirement for congressional appropriations. While now willing to accept a delay, Senator Kasten noted President Bush's commitment that among other things, the White House would not seek an additional delay in 1992 and that OMB scoring for the loan guarantees would be at the "most reasonable rate possible consistent with legal requirements."⁵⁸

The October decision to postpone consideration of the Israeli loan guarantee issue deferred the potentially damaging confrontation between the U.S. and Israeli governments and between Congress and the White House. It did not mean, however, that the debate would be any less intense in 1992. Senator Leahy, for example, opposed the Kasten amendment because, in his view, it contradicted the budget rules for credit programs and neglected to address Israeli economic policy reform and housing settlement activities, issues that he intended to raise.⁵⁹ The Senate-initiated compromise also had the effect of delaying final congressional action on worldwide foreign assistance appropriations until at least mid-way through FY 1992.⁶⁰ Any chance for

⁵⁷ See, House Leaders Call for Compromise on Israel Loan Guarantees. Reuters News Service, September 16, 1991.

⁵⁸ Statement of Senator Robert Kasten. Congressional Record (daily edition). October 2, 1991, p. S14104-S11405. Administration statement regarding OMB scoring of the loan guarantees taken from remarks by State Department Press Secretary Margaret Tutwiler, October 2, 1991, as reported in U.S. Department of State Dispatch. October 7, 1991, p. 754.

⁵⁹ Remarks of Senator Patrick Leahy. Congressional Record (daily edition). October 2, 1991, p. S14149.

⁶⁰ In order to provide foreign aid funding in FY 1992, Congress passed a Continuing Resolution (H.J. Res. 360, P.L. 102-145) that permitted the foreign assistance program to operate at current levels (FY 1991) or at the House-passed levels (H.R. 2621), whichever were less. The Continuing Resolution, however, (continued...)

Congress and the Administration meaningfully to re-fashion aid allocation patterns in the wake of continuing radical global change and shifting U.S. foreign policy priorities ended for the year.

Conference Agreement Reached on Foreign Aid Authorization Bill

While lawmakers conducted a highly public debate on Soviet aid and Israeli loan guarantees, House and Senate conferees met quietly in early September to work out differences between their respective authorization bills. Committee staff had resolved many of the scores of variations between the House and Senate-passed measures prior to the official convening of the conference committee, but several major disputes remained. Conference committee chairmen received a State Department letter on September 13 voicing many Administration concerns articulated previously, including a White House pledge to reject the bill if it contained either of the family planning provisions relating to the Mexico City policy and UNFPA funding. The letter also set out executive branch positions on 51 objectionable provisions. The letter further noted that the President's senior advisors would recommend a veto if the legislation contained three other provisions in their present form: cargo preference, Middle East arms sales moratorium,⁶¹ and the Senate-passed "Aid for Trade" initiative.

After two days of discussion, the conference committee reached tentative agreement on a common bill. But in a somewhat unusual procedure, conferees withheld final approval of the legislation while committee leaders continued to negotiate with Administration officials in hopes of avoiding a Presidential veto. Members compromised on a number of key points, in which they:

- deleted the reversal of the Mexico City policy.
- modified the UNFPA earmark so that disbursement of U.S. funds to UNFPA would be controlled by the U.S. Permanent Representative to the U.N.
- amended the House-passed arms sales moratorium, to require a 60-day halt in U.S. arms sales to the Middle East unless efforts were underway to convene a suppliers conference, a condition that had already been satisfied.
- softened the cargo preference requirement by delaying implementation until FY 1993, phasing it in over four years, and capping the spending requirement at 75 percent of ESF aid rather than 100 percent.
- watered down the "Aid for Trade" amendment by adopting language urging the President to use at least \$650 million and \$700 million in

⁶⁰(...continued)

would expire on March 31, 1992, by which time Congress would need to either pass the full-year Foreign Operations Appropriations or extend the expiration date of the Continuing Resolution.

⁶¹ See chapter on Persian Gulf for details of congressional initiatives to establish a Middle East arms sales moratorium.

FY 1992 and 1993, respectively, for such purposes, rather than specific capital project funding requirements.

The preliminary conference bill also addressed other Administration concerns by weakening House-passed restrictions on assisting Jordan and India, and by deleting a number of country earmarks, especially many approved by the House.⁶² The conference agreement also included several executive branch policy requests, including the IMF quota increase and the President's Enterprise for the Americas Initiative. Conspicuously absent from the conference agreement, however, were efforts to react to changes on the international scene, including events in the Soviet Union.

Despite the conferees' efforts to find suitable accommodation, Administration officials reportedly still objected to a number of issues adopted in the tentative conference bill and continued to threaten a Presidential veto. The White House rejected the UNFPA earmark and cargo preference modifications while adding to its list of veto items the Senate-passed provision making military assistance an all-grant program. For two weeks, House and Senate committee leaders continued negotiations with executive branch officials but were unable to resolve differences. When it became clear that the White House would not accept the proposed compromise concerning U.S. funds for UNFPA programs, House supporters of pro-choice legislation reportedly

⁶² The decision to eliminate several country earmarks also stemmed from a Senate position in recent years opposing provisions in authorization bills that mandated appropriations -- that is, authorizing provisions that earmarked, or set funding level "floors." Senate appropriators believed authorization bills should set funding "ceilings" for each program or "line item," leaving appropriation measures to establish spending "floors," or the actual amount to be allocated. In order to avoid setting "floors" while still protecting committee allocation priorities, the Foreign Relations panel abandoned the past practice of making lump sum authorizations for the Economic Support Fund and the Foreign Military Financing accounts, and instead divided the ESF and FMF authorization funding levels into a series of line item accounts. Several of the line items authorized specific aid levels for countries -- Israel, Egypt, Cyprus, Ireland Fund, Turkey, and Greece. The final line item for each program account authorized a specific amount for "all other" recipients. Following this approach, the appropriations bill subsequently would set actual funding levels for each line item at or below those authorized. Because it is more difficult to transfer funds among accounts than to shift allocations within the same account, meeting emerging aid requirements among the "all other" category would have been more difficult for the administration. Nevertheless, in order to head off a Senate confrontation on the issue, conferees adopted the Senate plan.

demanded that conference committee members reinsert a provision to reverse the Mexico City family planning policy. Conferees agreed.⁶³

When the conferees reported their agreement on September 27, it was clear that they had not been able to craft a legislative package that would attract White House support. Equally apparent was that in the event of a Presidential veto, Congress would almost certainly be unable to muster the two-thirds vote necessary to override the veto. Consequently, committee leaders settled on an alternative strategy in which Congress would approve H.R. 2508 with the assumption the President would issue a veto. Subsequently, Congress would remove the major objectionable provisions and return the legislation to the White House for signature. Such a strategy, however, would take additional time -- probably through the end of the session -- and require Members to vote twice, instead of once, on a consistently unpopular overseas spending measure. Coupled with continuing pessimism over the economy and congressional-executive clashes on unemployment benefits and other domestic issues, the political environment was not favorable for extending congressional debate on such a controversial and foreign policy-focused piece of legislation.

As expected, the State Department sent a letter to Congress on October 2 - the day the House had scheduled debate on the conference report -- highly critical of the revised legislation. In a somewhat ironic sense, the letter criticized the bill in much the same way that Congress reacted to the President's draft foreign aid "blueprint" submitted in April. The State Department charged that H.R. 2508 did not provide for "major foreign aid reform" and was more reflective of the "business-as-usual approach of the past decade than the new direction sought by the President." The letter narrowed the list of veto items to four: repeal of the Mexico City policy, the UNFPA earmark, cargo preference, and loan/grant restrictions on Foreign Military Financing. In the face of such strong White House opposition, which would likely influence Republican Members, and rising criticism of the President's attention on foreign policy rather than domestic matters on the part of some Democrats, House leaders were unsure how much support the bill would receive if taken to a vote. Consequently, they withdrew the foreign aid conference report from the House schedule and polled Members. Senate leaders, meanwhile, proceeded with consideration of the foreign aid conference report on October 8. While the legislation passed 61-38, support had eroded significantly since Senate consideration of S. 1435 in late July when the bill passed 74-18. Senate support for the conference bill may have been even smaller -- during debate some lawmakers registered strong opposition to several provisions contained in the bill, but nevertheless voted in favor of it. They did so with the expectation that

⁶³ See, *Conferees Fight Futility With \$25 Billion Bill*, Congressional Quarterly Weekly Report, September 21, 1991, p. 2705; *Authorization Bill Compromise Fails*, Congressional Quarterly Weekly Report, September 28, 1991, p. 2807; and *Domestic Concerns Slow Authorization Measure*, Congressional Quarterly Weekly Report, October 12, 1991, p. 2966.

the President would veto the legislation and that ultimately Congress would approve a bill that deleted provisions to which they objected.⁶⁴

House efforts to take up the conference report continued to stall as uncertainty mounted over whether sufficient Members would still support the legislation. Congressional Democrats lost another battle with the President in mid-October over extending benefits to the long-term unemployed, and charges, mainly from Democrats, that the White House put foreign problems ahead of domestic needs increased dramatically. Although House leaders believed a small majority still backed the legislation, the depth of frustration over the sagging economy and domestic problems, a more inward looking national mood, and the discomfort of many Democrats about supporting foreign aid while criticizing the President's international focus crystallized when the House took up the conference report on October 30. In a vote that shocked many, the House rejected the conference measure 159-262. Democrats, who had overwhelmingly supported the bill in June (196-58) and usually are the strongest advocates of foreign assistance, supported the bill by a narrow margin of 131-127. While the debate included strong objections from opponents of the family planning and cargo preference provisions, many lawmakers and congressional observers believed that the recession and a desire to re-focus attention on domestic problems were the core factors in rejecting the legislation. During debate several Members voiced this sentiment. Representative Nick Rahall, for example, argued, "it is time someone stood up for Americans and opposed giving money away until the needs of our own are met."⁶⁵ Representative Gary Condit echoed, "I am convinced that the people of this Nation want their hard-earned money to stay right here in the United States, rather than be given away to governments in the Middle East, Latin America, or Eastern Europe."⁶⁶ But foreign aid proponents cautioned that an outright rejection of the program was shortsighted and ignored some of the fundamental national interests pursued with foreign assistance funds. Congressman Howard Berman also chided his Democratic colleagues for making "the antidote for George Bush's mistakes [on the economy]...a return to isolationism."⁶⁷

Wofford Election and the Final Weeks

As House Foreign Affairs Committee leaders regrouped to discuss strategy to revive the foreign aid authorization measure, Congress entered the final three weeks of the first session under a worsening political environment for consideration of foreign policy issues. On November 5, appointed Democratic

⁶⁴ See, for example, the remarks of Senator McConnell. Congressional Record Daily Edition. October 8, 1991, p. S14548.

⁶⁵ Congressional Record Daily Edition, October 30, 1991, p. H8707.

⁶⁶ Ibid., p. H8709.

⁶⁷ Doherty, Carroll. House Defeats Foreign Aid Bill in Shadow of Domestic Woes. Congressional Quarterly Weekly Report. November 7, 1991, p. 3215.

Senator Harris Wofford stunned many political analysts by upsetting Republican nominee Richard Thornburgh in Pennsylvania's special Senate election. Mr. Thornburgh, who had been President Bush's Attorney General, was actively supported by the President and other Republican officials. Senator Wofford campaigned on the theme of "It's time to take care of our own," a message that had strong appeal, especially among middle class voters. Democrats stepped up their attack on, from their view, the White House's preoccupation with international matters and unwillingness to deal with long-term unemployment, health, and other problems in the United States. President Bush canceled an important trip to Japan and began to negotiate with congressional leaders on the unemployment legislation. The result in the waning days of the first session was a convergence of congressional views from Members of both parties -- many Democrats newly critical of international involvement and many Republicans traditionally opposed to foreign aid -- that paralyzed efforts to revive HR 2508, prompted several initiatives to pay for domestic programs with foreign aid cuts, and nearly jettisoned initiatives to extend short-term assistance to the Soviet Union.

After losing twice in confrontations with the White House over extending unemployment benefits with new rather than existing funds, Congress began to look for ways to pay for the benefits out of current spending. Although the 1990 budget agreement prohibited transfers among the three spending categories -- defense, domestic, and international -- Senate Majority Leader Mitchell proposed three alternatives to cover the unemployment costs, including a freeze on foreign aid funding for five years. According to his plan, a five-year modified freeze that would exempt Israel and Egypt would generate about \$3.8 billion in "savings" from growth that might be anticipated for the aid budget. "The President has twice denied the use of the unemployment trust fund," he told the Senate. "If the President insists on paying for the benefits from some other source, we are prepared to let him do so...For us, the overriding need is to provide extended benefits to the millions of American families who need them...It is time for Americans to take care of our own."⁶⁸ Proponents of the plan stressed that this would not cut foreign aid, but merely maintain funding at its current level. But critics charged that Senator Mitchell's proposal would break the budget agreement, bolster a growing and dangerous isolationist sentiment, and attack foreign aid when it was particularly vulnerable in a recession period.⁶⁹ The White House and some in Congress strongly opposed using foreign aid to pay for the benefit extension package and eventually congressional leaders and Administration officials worked out a compromise to fund the unemployment program without drawing on foreign assistance money. But some analysts opined that this argument might be a prelude to what would appear again during foreign aid debates in 1992.

⁶⁸ Remarks of Senator Mitchell. Congressional Record Daily Edition, November 7, 1991, p. S16311.

⁶⁹ See, for example, Trashing Foreign Aid. Washington Post, November 8, 1991, p. A24.

A final attempt to resurrect the foreign aid authorization measure also fell to the inward-looking sentiment and anti-foreign involvement mood that prevailed in November. House Foreign Affairs Committee leaders offered to revise H.R. 2508 by eliminating the four provisions that prompted White House veto threats. The President indicated that he would sign such a measure and on November 27, Chairman Fascell introduced a modified authorization measure (H.R. 4070). But because of attacks on overseas aid and concern for foreign problems House leaders did not schedule another vote on foreign aid in the last days of the session.

The final foreign aid-related issue taken up by Congress focused on the Aspin/Nunn proposal, raised initially in September, to provide up to \$1 billion in defense funds to help secure and destroy Soviet nuclear weapons and to support humanitarian relief efforts during the coming winter. When conferees prepared to report the FY 1992/93 defense department authorization bill in early November, however, major opposition to the Soviet aid proposal surfaced. Critics picked up the arguments made by opponents of the foreign aid authorization, saying the defense funds would be better spent in the United States -- for such things as military base closing, waste cleanups, and unemployment in defense related industries. Some objected to using the initial payment of the "peace dividend" to assist America's former enemy. Representative Aspin and his supporters responded that this was not a "foreign aid" program but a defense issue -- that it was a vital security interest of the United States to prevent further instability and avoid chaos in a nation with such a formidable nuclear arsenal.

The White House remained silent on the matter. The President did not oppose the provision, so long as it remained discretionary, but would not formally endorse it. Without Administration support, it remained unclear whether there were sufficient votes in Congress, and Senate opponents threatened to engage in a filibuster that could endanger passage of the entire defense authorization. Moreover, congressional proponents did not feel it was politically wise to proceed with the President on the sidelines. Representative Hamilton, for example, told a news conference on November 7, "I don't think it is acceptable for us to take the political heat on a difficult political decision...but let the President stand back....Unless the President is willing to put himself right on the line in support of it, then I will support the withdrawing of that provision from the conference report."⁷⁰

Accordingly, conferees removed the Soviet aid provision when they reported the legislation the following week, and the initiative appeared dead. But as signs of instability heightened, Gorbachev's power waned, and concern over the return of hard-line forces increased, a bi-partisan Senate effort emerged during the final days of the first session to revive a modified Soviet aid package. A meeting of 16 Senators organized by Senators Lugar, Nunn, and Boren on November 21, refined a new initiative focused on helping Moscow store and

⁷⁰ Press conference of Representatives Aspin, Gephardt and Hamilton, November 7, 1991.

disassemble its nuclear and chemical weapons. While some senior Administration officials reportedly backed the proposal, the White House took no position. The new plan included \$500 million from defense funds for weapon control and destruction and \$200 million for military transport of emergency food and medicine. In a debate underscoring the *national security* rationale of the initiative and how it should be considered distinct from *foreign aid*, the Senate approved the proposal on votes of 86-8 and 87-7.⁷¹ Before adjourning, on November 27, Congress pared back funding for the package in the Dire Emergency Supplemental Appropriations to \$400 million for weapons storage and destruction and \$100 million for transportation of emergency supplies.⁷² As Congress left for the year, however, the White House remained non-committal as to whether it would draw on the Soviet aid package.⁷³

⁷¹ Amendments to H.R. 3807, legislation authorizing the President to transfer battle tanks to NATO. The House agreed to the Senate amendments and President Bush signed the bill on December 12 (P.L. 102-228).

⁷² H.J. Res. 157, P.L. 102-229.

⁷³ See, Don Oberdorfer. *First Aid to Moscow: The Senate's Foreign Policy Rescue*. Washington Post, December 1, 1991, p. C2. In a speech on December 12, Secretary of State Baker announced a new Administration aid program for the former Soviet republics that included the \$500 million appropriated for weapon control and aid delivery.

FOREIGN AID DECISIONS DEFERRED TO 1992

By the close of the first session, both Congress and the President appeared unable to resolve foreign aid issues; and when they did act, as in the case of a reduced Soviet assistance package, much of the discussion focused on why this was *not* foreign aid. As Congress delayed all major foreign assistance legislation until the next year, many predicted that the isolationist, "America First" theme that swept across the country in the final months would pose a significant obstacle to passage of foreign aid legislation in 1992. Some observers believed that pressure to reduce the size of the aid program would be even more intense when the Presidential primary season began in February.

In some ways, executive-legislative foreign aid deliberations ended 1991 in the same manner they began: with a recognition of emerging international needs and the requirement for a new foreign aid rationale, but with no consensus over what that new policy rationale should be. Some in Congress had been actively engaged for over three years in trying to shape a new blueprint for U.S. foreign assistance policy and were again disappointed with the results in 1991. Heightened concern over the economy, continuing emphasis on domestic problems, and recurring international upheavals were likely to make the challenge even more formidable for Congress in 1992.

During the early months of the second session, as the mood to focus inward continued, Congress and the President confronted three foreign aid issues: Israeli loan guarantees, extension of the foreign aid continuing resolution, and a new aid package for the former Soviet Union. Senate leaders worked for several weeks with Administration officials to draft acceptable terms and conditions under which the United States would guarantee loans for Israel's absorption program. At issue was whether to link the loan guarantees to Israel's settlement activities in the occupied territories; and if so, what restrictions should the United States apply. By mid-March, however, congressional-executive negotiations appeared deadlocked. Without White House support and an almost certain Presidential veto of the Senate compromise language on the loan guarantees, Senator Leahy abandoned his plans to proceed with the FY 1992 foreign aid appropriations measure, a bill that would have included loan guarantees for Israel. Prospects for future congressional debate on Israel's request remained uncertain.

With the regular FY 1992 appropriation legislation stalled, Congress turned its attention in late March to a continuing resolution that would fund foreign aid programs through the balance of the fiscal year. The existing continuing resolution that expired on March 31 provided about \$900 million less than requested by the President and passed by the House in June. Moreover, President Bush amended his pending foreign aid request in February by asking Congress to add \$150 million in economic aid for the former Soviet Union and \$350 million to fund the U.S. share of several new U.N. peacekeeping operations, including those in Cambodia and El Salvador. (Assessed U.N. peacekeeping appropriations are not regarded as "foreign aid" and are normally funded as part of the State Department appropriations. Because the State

Department's funding had passed Congress previously, the President asked that the peacekeeping request be added to the Foreign Operations measure.) As had happened in late 1991, however, lawmakers were reluctant to actively press for higher levels of foreign aid spending than currently available or to pursue new initiatives.

On April 1, Congress sent to the President a continuing resolution (CR) extended through September 30 that appropriated \$14.2 billion for foreign aid programs, a level significantly less than amounts approved in preliminary action in 1991. The CR fell \$2 billion below FY 1991 levels, \$1.3 billion below the President's revised FY 1992 request, \$1 billion under the House-passed measure for FY 1992, and \$100 million under the expiring CR. In addition, Congress approved \$270 million for U.N. peacekeeping, \$80 million less than requested.

While the CR accommodated some pressing concerns -- it provided authority but no new money for aid to the former Soviet Union and added funds for refugee assistance and the Peace Corps -- the measure generally funded foreign aid programs either at FY 1991 levels or the amount passed by the House in June, whichever was less. Consequently, a number of congressional and executive branch initiatives went unfunded or were funded at levels well below what had been anticipated. House initiatives, for example, to increase U.S. aid to Africa by 20 percent and to fund a multilateral Global Environment Facility did not survive. Major Administration proposals also suffered. The President's request for a \$12 billion U.S. quota increase in the International Monetary Fund remained unauthorized, although the White House reintroduced the IMF request as part of the aid package for the former Soviet Union noted below. Congress also took no action on another major Administration proposal -- the Enterprise for the Americas Initiative (EAI) -- a trade and debt relief program to stimulate economic reforms in Latin America.⁷⁴ While acknowledging the atmosphere was not conducive to approving higher amounts for foreign aid, some expressed concern that by continuing foreign assistance activities largely under the terms and conditions that applied in 1991, foreign aid as a tool to advance U.S. foreign policy interests would fall further behind in adjusting to the rapidly changing world events continuing to unfold in 1992.

The final foreign aid-related issue left over from the first session and taken up by Congress in the early 1992 concerned how the United States should respond to the collapse of the Soviet Union and calls to assist the newly established states. Many in Congress continued to appeal to the President for bolder U.S. action to help stabilize the economies and political environments of Russia and the other former Soviet republics. In late January, as part of his FY

⁷⁴ Reflecting the importance placed on the IMF and EAI initiatives, Treasury Department officials reportedly pressed in October for Congress to make an exception to the continuing resolution and include funds for both programs. Other executive agencies opposed the strategy, fearing it might open the way for Congress to attach selected priorities to the temporary spending measure, and the matter died. (Short-term Funding Deal Avoids Sticky Issues. Congressional Quarterly Weekly Report. October 26, 1991, p. 3138.)

1993 budget submission, President Bush asked Congress to appropriate \$620 million in humanitarian and technical assistance for the former Soviet Union, \$150 million of which would come in the current fiscal year. But critics argued that the proposal was severely inadequate to address the overwhelming balance-of-payments, debt, "brain-drain," and weapons security problems facing the new governments. Over the next several weeks, a bi-partisan group that included several Members of Congress and former President Richard Nixon became more vocal in their calls for American leadership in shaping a comprehensive Western aid package. Ultimately, on April 1, President Bush and other Western leaders announced a multilateral \$24 billion aid proposal, of which the United States share would be roughly \$5-\$6 billion. The Administration asked Congress to act swiftly -- by June -- on enacting the necessary legislation.

For the balance of 1992, Congress was likely to debate foreign assistance issues as part of the former Soviet aid package, the FY 1993 Foreign Operations Appropriation bill, and perhaps a separate measure dealing with Israeli loan guarantees. As the U.S. election drew near and the economy continued to lag, foreign aid legislation was likely to confront the unpopular sentiment that delayed, and in one case, defeated congressional enactment of bills in 1991. Despite this, some analysts viewed the recent White House initiative as evidence that U.S. policymakers were committed to remaining engaged in the international arena.⁷⁶ To some, the large majorities that supported the foreign aid continuing resolution -- House, 275-131; Senate, 84-16 -- represented a sign that congressional views might take a different shape in the months ahead. The challenges, however, as they were in 1991, were formidable.

⁷⁶ See, for example, Don Oberdorfer. Assistance Package Signals Political Will to Stay Engaged in World. *Washington Post*, April 2, 1992, p. A18.

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