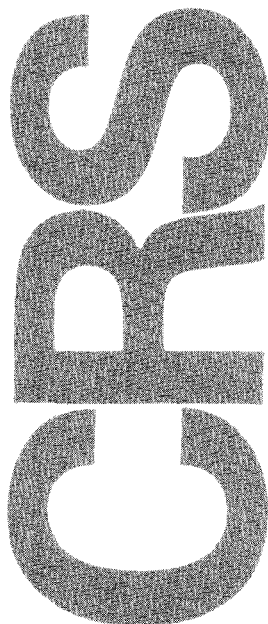


KISSINGER COMMISSION IMPLEMENTATION:
ACTION BY THE CONGRESS THROUGH 1986 ON THE RECOMMENDATIONS OF
THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA

K. Larry Storrs
Analyst in Latin American Affairs
Foreign Affairs and National Defense Division



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ABSTRACT

This report summarizes the implementation by the Congress of the policy recommendations made in January 1984 by the National Bipartisan Commission on Central America, the so-called "Kissinger Commission." It indicates, in general, that Congress has supported the Commission's major recommendations through 1986, although the allocations of aid fell below Commission targets, largely to meet budget reduction goals, and support for aid to the anti-Sandinista "contras" appeared to diminish in early 1987.

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KISSINGER COMMISSION IMPLEMENTATION:
ACTION BY THE CONGRESS THROUGH 1986 ON THE RECOMMENDATIONS OF
THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA 1/

INTRODUCTION AND SUMMARY

This report summarizes the actions by the Congress through 1986 to implement the 1984 recommendations of the National Bipartisan Commission on Central America, commonly called the "Kissinger Commission." It complements several similar reports by the Department of State, including the Administration's March 1987 report and plan for fully funding the recommendations of the Kissinger Commission. It provides a basis for considering the Administration's request for supplemental FY87 funding and the request for regular FY88 funding for Central America. 2/

The 12-member Commission, chaired by former Secretary of State Henry A. Kissinger, was appointed by President Reagan in July 1983 and was charged with the task of recommending a long-range U.S. policy toward Central America that would command bipartisan support. The Commission presented its Report to the President on January 10, 1984, after six months of study, hearings and travel. 3/ Following the report, the President, in February 1984, proposed the "Central America Democracy, Peace and Development Initiative Act of 1984" to

1/ This is a slightly revised and updated version of a similar CRS report issued on September 26, 1986.

2/ See "Sustaining A Consistent Policy in Central America: One Year After the National Bipartisan Commission Report," Special Report No. 124, April 1985 (hereafter as cited State--April 1985); "Central America's Development," April 1986 (hereafter cited as State--April 1986); "The U.S. and Central America: Implementing the National Bipartisan Commission Report," Special Report No. 148, August 1986 (hereafter cited as State--August 1986); and "Report to the President and the Congress on a Plan for Fully Funding the Recommendations of the National Bipartisan Commission on Central America, by the Secretary of State, the Administrator of the Agency for International Development, and the Director of the Office of Management and Budget," Department of State Special Report No. 162 (hereafter cited as State--March 1987). Latter report also in House Document 100-42. See p. 21, footnote 33.

3/ See "Report of the National Bipartisan Commission on Central America, January 1984" (hereafter cited as Kissinger).

implement the Commission's recommendations, and since then has submitted additional authorization and appropriation proposals for congressional consideration.

This report does not deal in detail with the Commission's analysis, nor does it cover all of the numerous recommendations made by the Commission. ^{4/} It identifies only the major recommendations of the Commission and indicates the extent to which the Administration's proposals for implementation have been adopted by the Congress through 1986.

The report finds that Congress provided practically all of the supplemental economic assistance requested for FY84 and 82 percent of the economic assistance requested for FY85, FY86, and FY87. It finds that Congress initially limited the amount of supplemental military aid for El Salvador, but essentially approved the Administration's military aid requests for FY85, FY86, and FY87 following the election of Jose Napoleon Duarte as President of El Salvador. While human rights conditions on aid to Guatemala meet the Commission's recommended standards, the current conditions on aid to El Salvador seem to be softer than recommended by the Commission. The report finds, in keeping with the Commission's recommendations, that Congress approved the multi-year authorization of economic assistance, the establishment of a Central American Development Organization, and the use of U.S. assistance, under certain conditions, for land reform programs and law enforcement agencies in the region. It finds that Congress approved increased military aid to Honduras and Guatemala, and, after initial resistance, approved humanitarian and military aid to the anti-Sandinista rebels ("contras") in Nicaragua for the purpose, in part, of encouraging a Contadora-type settlement in the region, as recommended by the Commission.

In short, the report finds that Congress generally supported the Commission's main recommendations, but, with recent overall cutbacks in foreign assistance to meet deficit reduction goals, funding fell below Commission targets.

THE ECONOMIC AND POLITICAL-SECURITY CHALLENGES IDENTIFIED BY THE COMMISSION

This report is organized around the two main challenges identified by the Commission: (1) the economic challenge (primarily the poverty, social injustice, and drastically declining economic growth rates in the Central American countries), and (2) the political-security challenge (primarily the insurgencies supported by Cuba,

^{4/} See U.S. Library of Congress, Congressional Research Service, "A Summary and Analysis of the Report of the National Bipartisan 'Kissinger' Commission on Central America, January 1984," 84-39 F, by Richard P. Cronin and K. Larry Storrs for summary and analysis of the report.

Nicaragua, and the Soviet Union against governments in the region whose legitimacy is under attack).

According to the Commission, these were the two challenges that had to be addressed in order to ameliorate the crisis in Central America. The Commission offered immediate short-term recommendations as well as medium- or long-term recommendations.

CONGRESSIONAL ACTION ON THE COMMISSION'S RECOMMENDED SHORT-TERM PROGRAM FOR DEALING WITH THE CHALLENGES

Provide \$400 Million in Supplemental Economic Assistance

In order to respond immediately to the economic crisis in Central America, the Commission recommended that the United States provide \$400 million in supplemental economic assistance for Central America. ^{5/} To implement this recommendation, the Administration, in February 1984, requested about \$400 million in economic aid and related assistance. This request included \$290.5 million in Economic Support Funds and \$73 million in Development Assistance, but it also included \$25 million in P.L. 480 "Food for Peace" funding, although this form of aid is handled through different processes and no additional authorization or appropriation was necessary. In addition, the \$400 million request included \$11.5 million for the State Department, USIA, and the Peace Corps, most of which would not ordinarily be considered foreign assistance.

Acting through two supplemental appropriations, the Congress essentially approved all of the supplemental economic assistance for the region requested by the Administration. As a result, the Administration was able to allocate \$290.5 million in ESF funding, \$65.7 million in Development Assistance, \$11.5 million for the State Department, the Peace Corps, and AID operating expenses in the region, and was able to increase Food for Peace funding for FY84 by about \$23.6 million over the originally projected FY84 target, making a grand total of \$391.3 in supplemental FY84 economic aid for Central America. ^{6/}

Significantly Increase Military Aid to El Salvador and Honduras

To deal with the security threat that prompted the Commission's formation, particularly the guerrilla threat in El Salvador, the Commission recommended a significant immediate increase in military assistance, primarily for El Salvador and Honduras. While the Commission did not recommend a specific amount for any country, it noted,

^{5/} See Kissinger, p. 46-50.

^{6/} See State--April 1985, p. 18; and State--August 1986, p. 26-27. Figures in table vary from total in this paper because no P.L. 480 funding is allocated to supplemental FY84.

with regard to El Salvador, that the Department of Defense had estimated that "it would take approximately \$400 million in U.S. military assistance in 1984 and 1985 to break the military stalemate and allow the National Campaign Plan to be carried out." ^{7/} To implement these recommendations, the Administration, in February 1984, requested \$259.1 million in supplemental FY84 grant Military Assistance Program funds, with \$178.7 million, nearly 70 percent of the total, being designated for El Salvador. While the Commission's recommendation with regard to El Salvador is not entirely clear, the \$178.7 million in supplemental FY84 funds and the \$132.5 million in FY85 military assistance, both requested in February 1984, combined with the previous FY84 appropriation of \$64.8 million, gives a combined total for fiscal years 1984 and 1985 of \$376 million. This was fairly close, under one interpretation, to the Commission's recommendation.

Congress resisted the increase in military aid for Central America, particularly the large increase in aid to El Salvador. Acting through two supplemental measures, the Congress specifically limited supplemental FY84 military aid to El Salvador to \$131.8 million, rather than the \$178.7 million requested. For the entire region it appropriated \$201.75 million in supplemental FY84 military assistance, rather than the \$259 million requested, providing about 78 percent of the Administration's request for military aid. In the end, the Administration allocated only \$183.25 in supplemental FY84 military assistance to the region, with the maximum of \$131.8 million going to El Salvador. ^{8/}

CONGRESSIONAL ACTION ON THE COMMISSION'S RECOMMENDED MEDIUM-TERM PROGRAM FOR DEALING WITH THE ECONOMIC CHALLENGE

Greatly Increase U.S. Economic Assistance Over Five Years (FY85-FY89)

To deal with the medium-term economic challenges of the region, the Commission recommended a total of \$8 billion in economic assistance over a five-year period, including "direct appropriations as well as contingent liabilities such as guarantees and insurance," representing "a rough doubling of U.S. economic assistance from the 1983 level." ^{9/} While the Commission was not precise in recommending the amount of economic assistance, when the Administration submitted a proposal, in February 1984, to implement the Commission's recommendations, it requested about \$6 billion in direct appropriations (i.e., \$1.2 billion per year), and \$2 billion in insurance and guarantee authority. Since then it has been conventional wisdom to consider that the Commission recommended \$1.2 billion per year in economic and

^{7/} Kissinger, p. 101-102.

^{8/} State--August 1986, p. 26-27.

^{9/} Kissinger, p. 53.

related assistance to Central America. On that ground, this standard is used here to measure the congressional response in the last two years.

It is important to note that there is no easy way to determine the exact amount appropriated by Congress for the Central American region. Generally the Congress makes appropriations for worldwide programs, without indicating the exact amount for each country or region. The Administration has considerable discretion in allocating the funds within the established worldwide levels. It is also worth noting that reductions in the President's requests were generally made in the context of a general budget reduction program, not explicitly because of disagreement with aid to Central America.

Congressional action in meeting Commission targets for fiscal years 1985, 1986, and 1987 is summarized in Table 1. The action is explained in more detail in the paragraphs that follow.

In early 1984, following the Commission's recommendations, the Administration proposed the "Central America Democracy, Peace and Development Initiative Act" which, along with the request for FY84 supplemental funds previously discussed, called for a total of \$1.11 billion in FY85 economic assistance to the region, with the breakdown by program indicated in Table 1.

While Congress failed to complete action on a foreign aid authorization measure in 1984, FY85 funds were appropriated for Central America in section 101 of the Continuing Appropriations Act, 1985 (P.L. 98-473), approved in October 1984. As one State Department publication pointed out, "Congress approved almost all of the funds requested by the Administration for FY 1985 in support of the Commission recommendations." ^{10/} In the end, the Administration allocated \$973 million in economic and related assistance to Central America for FY85, about 88 percent of the request for \$1.1 billion. The shortfall from the Commission's presumed goal of \$1.2 billion in economic assistance would be about \$227 million, of which nearly \$100 million had not been requested by the Administration.

In early 1985, as part of the regular budget request process, the Administration requested a total of \$1.05 billion in FY86 economic and related assistance for Central America, with more than half of the aid in ESF funding, as indicated in Table 1.

The Congress acted on the President's general foreign aid request in authorization and appropriation measures, and in both cases it provided less assistance on a worldwide basis than the President requested, causing a reduction in the allocation of funds to all regions, including Central America. Still later, additional across-the-board cuts were required by the passage of the Gramm-Rudman-Hollings Deficit Reduction Act. Congress authorized economic assistance to Central

^{10/} State--April 1985, p. 18.

America for FY86 and FY87 through the International Security and Development Cooperation Act of 1985 (IS & DC, 1985), passed in July 1985, and signed into law (P.L. 99-83) in August 1985. Section 701 of the bill added a new chapter, entitled the "Central America Democracy, Peace, and Development Initiative," to the Foreign Assistance Act of 1961. Congress appropriated FY86 economic assistance funds for Central America through section 101(j) of the Continuing Appropriations Act, 1986, approved and signed into law (P.L. 99-190) in December 1985. Out of concern for reserving funding for programs in Africa, the Congress specified in the appropriation that not more than \$250 million in Development Assistance could be allocated to Central America except through reprogramming procedures.

After taking into account the worldwide reduction in assistance levels and the required cuts mandated by the Gramm-Rudman-Hollings Deficit Reduction Act, the Administration was able to provide a total of \$893 million in economic and related assistance to Central America for FY86, about 85 percent of the request for \$1.05 billion. ^{11/} The shortfall from the goal of \$1.2 billion per year, set by the Commission, would be about \$307 million, of which about \$150 million had not been requested by the Administration.

In early 1986, the Administration requested a total of \$1.14 billion in FY87 economic and related aid for Central America, with the program breakdown indicated in Table 1. This increase in assistance was requested in part to make up for the reductions in FY86 aid required by the Gramm-Rudman-Hollings Act.

By mid-year 1986, the Administration indicated a concern with the shortfall in economic assistance levels for Central America, ^{12/} particularly when it appeared that FY87 levels would be even lower, in large part to achieve budget reduction targets mandated by the Congress. Simultaneously, in connection with consideration of the Administration's request for \$100 million in military and humanitarian assistance to the anti-Sandinista rebels ("contras") in Nicaragua, a number of Members felt that it was necessary to increase assistance to the democratic countries in the region. As a result, title II of the Military Construction Appropriations Bill (H.R. 5052), as passed by the House in June 1986 and by the Senate in August 1986, provided \$300 million in ESF assistance for Costa Rica, El Salvador, Guatemala and Honduras to be transferred from unobligated FY86 funds, primarily for Africa famine relief. Moreover, the bill required relevant Administration officials to report to Congress no later than March 1, 1987, on a plan for "fully funding" assistance to Central America in keeping with the recommendations of the Kissinger Commission. Assuming the bill had been enacted into law in time, it would have brought economic assistance funding levels for Central America during fiscal years 1985 and 1986 to over 90 percent of the amounts requested.

^{11/} State--April 1986, and State--August 1986, p. 26-27.

^{12/} AID FY87 Congressional Presentation for Latin America, p. 36; and State--August 1986, p. 4.

TABLE 1 - U.S. Economic Assistance to Central America, Fiscal Years 1985, 1986, 1987
(Obligations in millions of dollars)

FY 1985 Commission Target	Economic Support Funds (ESF)	Development Assistance	P.L. 480 Aid	Other Aid ^{1/}	Total Aid	Shortfall from Commission Target By Year
Administration Request	641	273	120	76	1,110	90
Allocation following Appropriation	536	232	118	87	973	227
FY 1986 Commission Target	Not Specified	Not Specified	Not Specified	Not Specified	1,200	
Administration Request	600	269	111	73	1,053	147
Allocation following Appropriation	458	255	110	70	893	307
FY 1987 Commission Target	Not Specified	Not Specified	Not Specified	Not Specified	1,200	
Administration Request	656	287	112	70	1,135	65
Allocation following Appropriation ^{2/}	415	236	105	70 ^{3/}	826	374

^{1/} Includes amounts for Peace Corps, USIA, and State Department refugee programs.

^{2/} Does not include FY87 supplemental, nor \$50 million in earthquake assistance for El Salvador provided in October 1986.

^{3/} Estimated

Source: Data is adapted from U.S. Department of State, Central America's Development, April 1986; and Agency for International Development, Congressional Presentation [Request] Fiscal Year 1988, February 1987.

However, the Military Construction Bill incorporated as section 101 (k) of the omnibus Continuing Appropriations Act for FY87 (H.J. Res. 738), was not approved and enacted into law (P.L. 99-500, P.L. 99-591) until mid-October 1986. While the section provided that at least \$100 million of the Central American assistance was to be obligated in FY86, the late passage of the Continuing Resolution -- following the expiration date of the 1986 fiscal year -- prevented the obligation of any funds in that year.

The regular Foreign Aid Appropriations Act for FY87 was contained in section 101 (f) of the omnibus Continuing Resolution passed by Congress and signed into law in mid-October 1986. It set worldwide aid at \$13.37 billion, considerably below the \$15.47 billion requested by the Administration for FY87. Since amounts for certain aid recipients (Israel, Egypt, Pakistan) were earmarked at or near Administration request levels, the shortfall for other recipients, including the Central American democracies, was significant, especially in Economic Support Funds. Moreover, the Act specified that the \$300 million provided through the Military Construction Appropriation would be included within the established overall limits for FY87 assistance.

Taking into account the reduced aid levels and the earmarkings for certain countries, the Administration allocated \$826 million in economic and related aid to the region, about 73 percent of the request for \$1.14 billion. Largely as a result of these reductions, the Administration, in early 1987, requested \$300 million in supplemental FY87 funds for Central America -- \$100 million in disaster assistance for El Salvador in connection with the October 1986 earthquake, and \$200 million in ESF funds for the Central American democracies.

Looking back at congressional support for economic assistance in Central America, the Congress has clearly given considerable support for Commission recommendations during fiscal years 1985, 1986, and 1987, despite overall budgetary constraints and shrinking foreign aid budgets. Summarizing the tabulations in Table 1, the appropriations enacted through 1986 for fiscal years 1985, 1986, and 1987, along with the funds appropriated in the FY84 supplemental, total \$3.083 billion for Central America. This would produce a shortfall of \$917 million from the Commission's presumed target of \$400 million in the FY84 supplemental and \$1.2 billion per year in subsequent years, but, as the table demonstrates, the Administration has never requested adequate funds to fully meet the Commission's targets.

Provide Multi-Year Authorization

To demonstrate a long-term commitment to the region, the Kissinger Commission recommended a five-year authorization for economic assistance. ^{13/} While authorizing committees resisted this idea in 1984, the foreign aid authorization measure (P.L. 99-83), passed in

^{13/} Kissinger, p. 53.

1985, authorized funds for two years, fiscal years 1986 and 1987, and section 701 of the Act contains a separate authorization of \$1.2 billion per year in non military assistance for two additional years, fiscal years 1988 and 1989. In essence, the Congress provided the multi-year authorization requested.

Channel One-Quarter of U.S. Aid Through Central American Development Organization (CADO)

To encourage regional dialogue and self-determination in setting development goals, the Commission recommended the creation of a Central American Development Organization (CADO) through which one-quarter of U.S. assistance would be channeled. 14/

Congress expressed support for this recommendation in section 701 of the International Security and Development Cooperation Act of 1985 (P.L. 99-83). This states the sense of Congress that the President should enter into negotiations to establish a Central American Development Organization and should follow the Organization's recommendations to the maximum extent practicable, disbursing no more than 75 percent of U.S. assistance until the Organization's recommendations are made final. In short, it recommended, in keeping with the Commission's recommendations, that 25 percent of U.S. assistance be channelled through CADO.

Furthermore, in the Military Construction Appropriation Bill (H.R. 5052), passed by both Houses, the 99th Congress, in conjunction with the approval of \$300 million in ESF funding to the Central American democracies, "reaffirmed" its support for CADO and required that "not less than \$750,000" of the available funds be used to establish the Central American Development Organization and its administrative apparatus.

Expand Trade Opportunities and Encourage Improved Investment Conditions

The Commission sought to encourage export growth and investment in the region through extension of the Caribbean Basin Initiative, technical and financial support for export promotion efforts, expanded availability of Overseas Private Investment Corporation (OPIC) insurance, and other measures. 15/ While adopted prior to the Kissinger Commission recommendations, congressional action to extend one-way duty-free treatment to Central American states through the Caribbean Basin Initiative was a major effort in this area. It is the basis for wide-ranging activities by numerous agencies to encourage the expansion of exports to the United States. In addition, acting upon the Administration's recommendation, the Congress authorized and

14/ Kissinger, p. 61-62.

15/ Kissinger, p. 55-57.

Table 2 - U.S. Development Assistance to Central America by Functional Accounts and ESF Funding FY84-FY87, thousands of dollars

C O U N T R Y	TOTAL	AGRICULTURE			EDUCATION AND HUMAN RESOURCES			CHILD SURVIVAL	HEALTH	POPULATION PLANNING	SELECTED DEVELOPMENT ACTIVITIES	ECONOMIC SUPPORT FUND	OTHER PROGRAMS
		RURAL DEVELOPMENT AND NUTRITION	DEVELOPMENT	AND NUTRITION	AND HUMAN RESOURCES DEVELOPMENT	AND HUMAN RESOURCES DEVELOPMENT	DEVELOPMENT ACTIVITIES						
BELIZE													
1984	\$3,875	\$3,230	---	---	---	---	---	---	---	---	\$405	---	---
1985	21,650	3,040	50	---	\$240	---	---	---	---	---	360	\$14,000	---
1986	8,764	2,150	50	---	1,900	---	---	---	---	---	1,750	1,914	---
1987	9,550	1,863	64	---	2,250	---	725	---	---	---	1,400	2,254	---
COSTA RICA													
1984	145,470	2,482	475	---	4,402	---	---	---	---	---	7,075	130,000	\$70
1985	180,547	2,950	1,125	---	50	---	---	---	---	---	12,605	160,000	21
1986	131,531	2,850	25	---	100	---	---	---	---	---	7,394	120,582	---
1987	100,490	6,577	230	---	410	---	---	---	---	---	3,575	87,716	---
EL SALVADOR													
1984	161,370	30,744	1,925	---	6,084	---	---	---	---	---	2,133	120,234	75
1985	372,755	31,998	6,225	---	16,875	---	---	---	---	---	25,532	285,000	---
1986	260,925	29,470	6,673	---	19,250	---	---	---	---	---	12,032	177,045	---
1987	257,204	33,371	1,286	---	12,166	3,932	---	---	---	---	11,250	181,747	---
GUATEMALA													
1984	4,491	2,252	1,273	---	550	---	---	---	---	---	100	---	116
1985	70,533	22,400	2,628	---	9,999	---	---	---	---	---	9,500	12,500	---
1986	83,131	19,165	2,867	---	5,098	---	1,600	---	---	---	1,447	47,850	---
1987	92,088	10,739	3,733	---	652	---	4,150	---	---	---	6,500	58,787	---
HONDURAS													
1984	70,995	21,140	1,700	---	2,150	---	---	---	---	---	4,100	40,000	---
1985	199,333	16,550	2,771	---	11,100	---	---	---	---	---	8,250	147,500	7,500
1986	105,556	26,678	5,236	---	5,847	---	---	---	---	---	2,018	61,248	---
1987	112,260	21,081	2,907	---	1,463	1,450	---	---	---	---	7,500	71,406	---
PANAMA													
1984	10,720	6,350	370	---	---	---	---	---	---	---	3,790	---	---
1985	68,822	10,065	290	---	---	---	---	---	---	---	6,072	50,000	---
1986	24,540	7,950	100	---	---	---	---	---	---	---	946	5,742	---
1987	19,334	9,477	319	---	438	---	---	---	---	---	4,475	---	---
ROCAP													
1984	15,458	10,291	---	---	20	---	---	---	---	---	4,047	---	---
1985	105,809	12,053	---	---	13,350	---	---	---	---	---	9,377	70,895	---
1986	25,039	15,215	---	---	2,425	---	---	---	---	---	3,799	1,200	---
1987	30,021	12,951	25	50	1,210	---	---	---	---	---	7,600	5,260	---
CENTRAL AMERICAN REGIONAL													
1984	---	---	---	---	---	---	---	---	---	---	---	---	---
1985	54,648	---	---	---	---	---	---	---	---	---	---	---	---
1986	71,678	1,794	1,439	---	7,197	2,500	---	---	---	---	---	27,098	---
1987	25,115	1,377	1,330	693	1,595	11,252	---	---	---	---	1,038	7,830	---
SUBTOTAL CENTRAL AMERICA													
1984	412,379	76,489	5,743	---	13,446	---	---	---	---	---	21,650	290,234	261
1985	1,074,097	99,056	13,089	---	51,274	---	---	---	---	---	71,696	766,993	7,521
1986	712,764	105,272	16,390	4,100	42,167	4,100	---	---	---	---	40,993	457,812	---
1987	650,939	97,436	9,894	11,000	19,307	11,000	---	---	---	---	43,338	415,000	---

Source: AID's Congressional Presentation, FY88, Annex III, pp. 2-3, excluding FY87 supplemental. FY85 assistance is disproportionately high because some FY84 supplemental aid was obligated in FY85.

appropriated funds, under the Trade Credit Insurance Program, to guarantee about \$250 million per year in Export-Import Bank financing of U.S. imports that are crucial to export promotion efforts, and supported the Overseas Private Investment Corporation's efforts to expand insurance coverage in the region and to encourage investment through investment missions and feasibility studies. ^{16/} Moreover, much of the balance of payments support provided through Economic Support Funds has been used to stabilize the Central American economies, to finance imports necessary for export expansion, and to restructure economic policies to stimulate the private sector.

Encourage Accelerated Agricultural Development

The Commission recommended that additional U.S. resources be provided to support government efforts to promote land redistribution, to provide agricultural credit and services, and to encourage the development of cooperatives. ^{17/} At the request of the Administration, Congress permitted U.S. assistance to be used to support land reform measures. Section 1203 of the International Security and Development Cooperation Act of 1985 amends the previously existing prohibition on the use of U.S. assistance to compensate owners of land expropriated under a land reform (section 620(g) of the Foreign Assistance Act of 1961) and permits aid to be used for such purposes if the President determines that such assistance will further the national interest of the United States. The Administration indicated that El Salvador would be the major beneficiary of this provision.

Without going into great detail on support for agriculture-related programs, it is clear from Table 2 that U.S. assistance to agriculture, rural development and nutrition in Central America has increased, with congressional support, from \$76.5 million in FY84 to \$99.1 million in FY85, \$105.2 million in FY86, and \$97.4 million in FY87. ^{18/}

Expand Human Development Programs

To deal with serious socio-economic needs in Central America, the Commission recommended increased attention to health, education, housing, and population planning. ^{19/} The figures in Table 2 make it clear that assistance has increased significantly in the targeted

^{16/} See State--August 1986, p. 11-15.

^{17/} Kissinger, p. 57-59.

^{18/} See State--August 1986, p. 15-16, 20; and FY88 Congressional Presentation for more details.

^{19/} Kissinger, p. 68-83.

areas in the last few years with support from Congress. Funding for Population Planning increased from \$5.7 million in FY84 to an average of \$13 million in the last three years, while funds devoted to Health Programs increased from \$13.4 million in FY84 to \$51.3 million in FY85 and \$42.1 million in FY86 but fell to \$19.3 million in FY87. Showing the largest increase, funding for Education and Human Resources Development jumped from \$4.6 million in FY84 to \$64.5 million in FY85, and \$46 million in FY86, and \$50 million in FY87. 20/

CONGRESSIONAL ACTION ON THE COMMISSION'S RECOMMENDATIONS FOR DEALING WITH THE POLITICAL-SECURITY CHALLENGE

Provide Increased Military Aid to El Salvador

Arguing that U.S. military assistance was inadequate to permit the Salvadoran army to wage war with the guerrillas with success, the Commission recommended a significant increase in military aid to El Salvador. 21/ Identified as important needs were the following: increased air and ground mobility, higher force levels, and improved medical evacuation abilities.

In 1984, the Administration requested \$178.7 million in supplemental FY84 military aid and \$132.5 million in FY85 military assistance. Congress resisted the request for supplemental funding, as noted above, but eventually accepted full funding for FY85. Acting through a Continuing Resolution, it initially limited FY85 military aid to \$128.3 million, a reduction of \$4.2 million. However, the Administration was able, through a variety of exemptions, mostly involving the reallocation of funds originally designated for the Regional Military Training Center, to allocate \$136.3 million in FY85 military aid to El Salvador, more than the \$132.5 million requested. This was permitted in part because congressional opposition to aid to El Salvador seemed to decline significantly following the election in May 1984, of Jose Napoleon Duarte of the Christian Democratic Party as President of El Salvador.

In early 1985, the Administration requested \$132.6 million in FY86 military aid for El Salvador and, in September 1985, requested another \$10 million as part of the Central American Counterterrorism Program. While action was never completed on the Counterterrorism

20/ See State--August 1986, p. 17-20, for more detail on programs.

21/ Kissinger, p. 101-102. For congressional action see "El Salvador--Policy Issues and Options for the 98th Congress," Archived CRS Issue Brief IB83051, 1985; and "El Salvador Aid: Congressional Action, 1981-1986, on President Reagan's Requests for Economic and Military Aid for El Salvador," CRS Report, 1987.

Program, the foreign aid authorization (P.L. 99-83) and the foreign operations appropriations (P.L. 99-190), in a break from past practice, contained no language specifically limiting military aid to El Salvador. The worldwide levels of aid approved in both measures were less than the Administration requested, however. In this budget-cutting context, compounded by across-the-board cuts under the Gramm-Rudman-Hollings Act, the Administration was able to obligate \$121.8 million in FY86 military aid to El Salvador, an \$11 million reduction from the request of \$132.6 million, including \$5 million withheld pending legal action on the 1981 murder of Americans.

In 1986, following reductions mandated by the Gramm-Rudman-Hollings Deficit Reduction Act, the Administration requested \$136.2 million in FY87 military aid for El Salvador, exactly at the same level as the previous year's request. The Foreign Aid Appropriations Act for FY87, eventually incorporated as section 101(f) of the omnibus Continuing Appropriations Act for FY87 (H.J. Res. 738) enacted into law (P.L. 99-500, P.L. 99-591) in mid-October 1986, contained no required cuts in military aid to El Salvador. However, since the Act set aid levels considerably below the President's request and contained earmarkings for certain countries, the Administration was only able to allocate \$116.5 million in FY87 military aid for El Salvador, a reduction from the request for \$136.2 million. As a result, the Administration's request, in early 1987, for supplemental FY87 funds includes a request for \$17.5 million in military aid grants for El Salvador.

With the sustained, but declining levels of military aid in the last few years, El Salvador has been able to significantly augment its ground and air force levels in keeping with Kissinger Commission recommendations. ^{22/} As a result, most observers believe that at present the guerrillas are militarily on the defensive in the country.

Make Military Aid to El Salvador Contingent Upon Human Rights Progress

The Commission argued that increased military aid had to be accompanied by increased pressure to safeguard human rights. It recommended, with minor reservations from three members, that military aid to El Salvador "should, through legislation requiring periodic reports, be made contingent upon demonstrated progress toward free elections; freedom of association; the establishment of the rule of law and an effective judicial system; and the termination of the so-called death squads, as well as vigorous action against those guilty of crimes and the prosecution to the extent possible of past offenders." ^{23/}

^{22/} See State--April 1985, p. 11; and State--August 1986, p. 21-22.

^{23/} Kissinger, p. 104.

During 1984, Congress, acting on three measures, made military aid to El Salvador contingent upon progress in human rights, in keeping with the Commission's recommendation, even though the President had not recommended such conditions.

The so-called Urgent FY84 Supplemental (P.L. 98-332), enacted in July 1984, provided that none of the \$61.7 million in military aid to El Salvador appropriated by the Act could be available until the President reported to Congress "his determination that the Government of El Salvador has demonstrated progress toward land reform, free elections, freedom of association, the establishment of the rule of law and an effective judicial system, and the termination of the activities of the so-called death squads, including vigorous action against members of such squads who are guilty of crimes and prosecution to the extent possible of such members who are past offenders;" In addition, the Congress required the President to report every 60 days, on a continuing basis, the progress made during the preceding 60 days in achieving the objectives mentioned above.

The Second Supplemental Appropriations Act for FY84 (P.L. 98-396), enacted in August 1984, established nearly identical conditions prior to the obligation or expenditure of \$70 million in Military Assistance Program funds for El Salvador appropriated by the Act.

The Foreign Assistance Appropriations Act, 1985, contained in the Continuing Resolution for FY85 Appropriations (P.L. 98-473), enacted in October 1984, provided that half of the \$111.7 million in military assistance to El Salvador could be provided without conditions, but the remaining half was conditioned on human rights progress even though specific reports were not required as recommended by the Commission. The law required the Administration to "consult" with the Committees on Appropriations prior to March 1, 1985, in regard to reduction and punishment of death squad activities, elimination of corruption and misuse of government funds, development of a Salvadoran plan to improve the performance of the military, and progress toward discussions leading to a peaceful resolution of the conflict. It also specifically noted that it was "the direction of Congress" that the second half of FY85 funds should not be obligated "until substantial progress has been made on each of the above points." Moreover, the law set aside \$5 million of the aid "until the Government of El Salvador has (1) substantially concluded all investigative action with respect to those responsible for the January 1981 deaths of the two United States land reform consultants Michael Hammer and Mark Perlman and the Salvadoran Land Reform Director Jose Rodolfo Viera, and (2) brought the accused to trial and obtained a verdict."

During 1985, congressional restrictions on aid to El Salvador seemed, in general, to be weaker than those recommended by the Kissinger Commission. This represented a significant break with past practice.

Section 702 of the Foreign Aid Authorization for FY86 and FY87 (IS & DC Act, 1985, P.L. 99-83) passed in July 1985, changed the

previous binding conditions to expectations and required semiannual reports on the extent to which the expectations were being met. Paraphrasing the provision, it states that Congress expects the Government of El Salvador to pursue a dialogue with the guerrillas, to be in control of the military and security forces to insure that they comply with international law relating to warfare, and to make demonstrated progress in ending the activities of the death squads, in establishing an effective judicial system, and in implementing the land reform program. While four reports are to be made at six-month intervals on the extent to which the above objectives are being met, the provision of military aid to El Salvador is not contingent upon demonstrated progress in those areas, as recommended by the Commission and as required in previous legislation. Related provisions of the Act required that Congress be notified before the export of helicopters and aircraft to the country and that all aid be suspended if President Duarte were deposed by a military coup.

The Foreign Aid Appropriation for FY86 was eventually incorporated into the omnibus Continuing Resolution (H.J. Res. 465) which Congress passed and the President signed into law (P.L. 99-190) on December 19, 1985. In sections relating specifically to El Salvador, it provided up to \$1 million of ESF funds to assist El Salvador's Special Investigative Unit in bringing to justice those responsible for the murder of U.S. citizens, and it set aside \$5 million of military assistance until the President reports that the Salvadoran government has substantially concluded all investigative action and has pursued all legal avenues to bring to trial those responsible for the January 1981 killing of three land reform specialists, including two Americans, in San Salvador. Other provisions of the Act, similar to those in the foreign aid authorization, specified that appropriation committees are to receive the required reports on human rights conditions and to be notified 15 days in advance of the provision of aircraft or helicopters to El Salvador, and that aid is to be suspended if a duly elected head of government is deposed by military coup or decree.

During 1986, congressional conditions on aid to El Salvador were very similar to conditions adopted in 1985, and, like the previous conditions, seemed to be weaker than the Commission recommended. The Foreign Aid Appropriation for FY87 was incorporated as section 101 (f) of the omnibus Continuing Appropriations Act for FY87 (H.J. Res. 738) enacted into law (P.L. 99-500, P.L. 99-591) in mid-October 1986. Provisions relating specifically to El Salvador appropriated up to \$1 million in ESF funds to assist El Salvador's Special Investigative Unit in bringing to justice those responsible for the murder of U.S. citizens, and it set aside \$5 million of military assistance until the President has reported that the Government of El Salvador has substantially concluded all investigative action and has pursued all legal avenues to bring to trial those responsible for the killings of two American land reform specialists in January 1981. They specified that ESF funds placed in El Salvador's Central Reserve Bank are to be maintained in a separate account, and provided that all aid would be suspended if a duly elected head of government were deposed by a military coup or decree. Other provisions of the Act provided

that the appropriation committees are to receive the required reports on human rights conditions, to be notified 15 days in advance of the provision of aircraft or helicopters to El Salvador, and to be given the same notification and human rights determination as the authorizing committees whenever police assistance is provided.

Except for the set-asides of \$5 million pending action to bring to justice those responsible for murdering the land reform specialists, the conditions enacted in 1985 and 1986 are less restrictive than those recommended by the Kissinger Commission.

Provide Military Assistance to Guatemala Under Strong Human Rights Conditions

Arguing that Guatemala was a pivotal country, the Commission recommended an unspecified amount of U.S. military assistance for Guatemala when the country could meet human rights conditions of the sort recommended for El Salvador. 24/

In 1984, in keeping with this recommendation, the Administration requested \$10 million in FMS credits and \$300,000 for international military training (IMET) for fiscal year 1985, arguing that the country was no longer experiencing a consistent pattern of human rights abuse. The Congress, expressing concern over the human rights conditions in the country, prohibited FMS credits in the Continuing Resolution for fiscal year 1985, but did not forbid IMET assistance for the country.

In 1985, the Administration again requested \$10 million in FMS credits and \$300,000 in IMET assistance for Guatemala for FY86. While the Congress approved IMET assistance without restrictions, it approved FMS assistance only under tough human rights conditions very much in keeping with the Commission's recommendations. Section 703 of the Foreign Aid Authorization for FY86 and FY87 (P.L. 99-83), passed by Congress in July 1985, permits military assistance and sales for Guatemala only if the President certifies to Congress that (1) an elected civilian government is in power and has formally requested assistance, and (2) that the government has made demonstrated progress in achieving control over its military and security forces, in eliminating kidnapings, disappearances, and other human rights abuses, and in respecting the rights of its indigenous Indian population. If the conditions are met, the Act provides that Guatemala may be provided with up to \$10 million in FMS financing for both fiscal years for construction equipment, mobile medical facilities, and related training, but not for use in the rural resettlement program. None of the military assistance may be used for the procurement of weapons or ammunition, and all assistance is to be suspended in the event of a military coup.

24/ Kissinger, p. 102, 104. For more on congressional action, see "Guatemala: U.S. Foreign Assistance Facts," CRS Issue Brief IB85100, updated regularly.

Title III of the Foreign Aid Appropriation for FY86, contained in the Continuing Appropriations Act, 1986 (P.L. 99-190), passed in December 1985, also conditions military assistance and sales to Guatemala on the same grounds as contained in the authorization measure.

Following the election in January 1986 of Christian Democrat Vinicio Cerezo as President of Guatemala, the Administration notified Congress that it intended to allocate \$4.8 million in Military Assistance Program grants to Guatemala in FY86. On May 30, 1986 and December 8, 1986, it sent the required human rights certifications to Congress, arguing that a civilian government had been installed and had requested assistance, and that progress in human rights conditions had been demonstrated in the relevant periods. Total military aid to Guatemala for FY86 was \$5.4 million, and the estimated total for FY87 was \$2.4 million.

Provide Increased Military Assistance To Honduras

The Commission recommended increased military assistance for Honduras in order to provide a credible deterrent to Nicaragua, without specifying the amount of the increase. ^{25/} Generally speaking, Congress approved the Administration's requests in 1984 and 1985 for military assistance to Honduras, although the Continuing Resolution for FY85 did cut off assistance for the Regional Military Training Center located in Honduras until Honduras agreed to include Salvadorans in the training and to provide compensation to an American citizen whose land was expropriated for the Center. When Honduras failed to meet these conditions, the Center was closed in March 1985, and the aid was reprogrammed to other Central American recipients. Nevertheless, U.S. military aid to Honduras has increased significantly in the last few years, from \$37.3 million in FY83 to \$61.1 million in FY86 and \$61.2 million in FY87. It would receive an additional \$17.5 million under the proposed FY87 supplemental. In addition, Honduras has benefited from U.S. military construction at airbases and the regular joint U.S.-Honduras exercises in the country. ^{26/}

Provide Support for an Administration of Justice Program and End Prohibition on Police Assistance

Arguing, especially with regard to El Salvador, that effective judicial and investigative procedures were imperative to end death squad activities, the Commission somewhat obliquely recommended assistance for judges, prosecutors, and criminal investigative agencies

^{25/} Kissinger, p. 102.

^{26/} See State--April 1985, p. 12-20; and State--August 1986, p. 22. For congressional concerns and action, see "Honduras: U.S. Military Activities," CRS Issue Brief IB84134; and "Honduras: U.S. Foreign Assistance Facts," CRS Issue Brief IB85080, updated regularly.

to strengthen the administration of justice. 27/ It also called on Congress to amend the prohibition on police assistance (section 660 of the Foreign Assistance Act) and to allocate funds, under carefully defined conditions, for the training and support of law enforcement agencies in Central America. 28/

In 1984, the Administration sought support for a general administration of justice program for the region but Congress agreed only to provide \$6.5 million in ESF assistance to El Salvador in order to protect witnesses in criminal cases, to improve investigative capabilities, and to modernize penal and evidentiary codes. 29/ The following year, Congress approved a general Administration of Justice Program for Central America and the Caribbean and waived the prohibition on police training for certain countries. Section 712 of the International Security and Development Cooperation Act of 1985 (P.L. 99-83) authorized up to \$20 million per year for Administration of Justice programs under the condition that the foreign affairs committees be notified of the amount and nature of such assistance 15 days before obligation. 30/ Section 711 of the same Act waived the prohibition on police assistance if the country has a longstanding democratic tradition, does not have a standing army, and does not engage in human rights abuse (i.e., Costa Rica and most countries of the English-speaking Caribbean). The prohibition was waived for El Salvador and Honduras as well if the President notified the foreign affairs committees under reprogramming procedures that the government of the recipient country had made significant progress, during the preceding six months, in eliminating any human rights abuses.

In September 1985, the Administration requested an additional \$54 million in assistance to fund a Special Central American Counterterrorism Program. Half of the amount would be in the form of antiterrorism assistance to Central American countries, most of which would go to law enforcement agencies, and the other half would be military assistance to strengthen counterterrorism efforts. Many Members viewed this request as a very late effort to increase military aid to the region and to augment funds for the recently established antiterrorism assistance program, under restrictions that were less demanding than the legislation just passed. As a result, neither House of Congress completed action on the request, although the Senate Foreign Relations Committee did report out a clean bill in December 1985 with strict human rights conditions.

27/ Kissinger, p. 103-104.

28/ Kissinger, p. 96-97.

29/ See State--April 1985, p. 9-10.

30/ See State--August 1986, p. 6-7 for details on programs.

Encourage a Comprehensive, Verifiable Settlement in the Region Using a Carrot-and-Stick Approach

The Commission urged the United States to spare no effort to encourage a diplomatic settlement in the region that would be comprehensive and verifiable, using economic assistance as an inducement and the threat of military force as a penalty for failure. In line with the 21 objectives accepted by the Central American states at the behest of the Contadora Group 31/ (Mexico, Venezuela, Colombia, Panama), the settlement would include commitments on political pluralism, arms reduction, and non-intervention, and, if achieved, would lead to national reconciliation in El Salvador and Nicaragua. With regard to El Salvador, the Commission rejected negotiations that would lead to power-sharing by the guerrillas, but it urged efforts at negotiated reconciliation to encourage all elements of the society to participate in the 1985 legislative elections. Regarding Nicaragua, the Commission concluded that it would be unwise to dismantle "existing incentives and pressures," and a majority felt that U.S. support for the Nicaraguan insurgents ("contras") represented one of the incentives working in favor of a negotiated settlement. 32/

In general, the Congress has supported the thrust of these Commission recommendations, with some variation over time. As indicated above, it approved increased economic assistance to the region, and permitted a variety of military or paramilitary pressures -- main elements in the recommended program.

With regard to El Salvador, the Congress required the President to report regularly on Salvadoran efforts to reach a negotiated settlement with the guerrillas, and it supported the efforts by a Special U.S. Envoy to facilitate talks before the 1984 elections as well as the efforts by President Duarte to engage in talks in October and November of 1984. There was little to show from any of these efforts, however, and the pro-guerrilla groups refused to participate in the 1985 elections as the Commission had hoped.

With regard to Contadora and Nicaragua, congressional opinion has varied but in 1985 and 1986 moved toward agreement with the Kissinger Commission recommendations. In October 1984, partly out of concern that U.S. support for the contras in Nicaragua, along with military maneuvers in Honduras, might be at odds with the Contadora Group's efforts to achieve a regional peace settlement, the Congress prohibited FY85 support for the contras. However, it

31/ For background and major developments, see CRS Issue Brief IB85109 on "Contadora Initiative: Implications for Congress," updated periodically.

32/ Kissinger, p. 106-120. For congressional action on aid to the contras, see "Contra Aid, 1981-1986: Summary and Chronology of Major Congressional Action on Key Legislation Concerning U.S. Aid to Anti-Sandinista Guerrillas," CRS Report 87-65 F, January 28, 1987.

provided for a lifting of the prohibition after February 28, 1985, if the President requested contra assistance and explained how it would further U.S. goals in the region, "including the achievement of peace and security in Central America through a comprehensive, verifiable and enforceable agreement based upon the Contadora Document of Objectives" (section 8066 of the Department of Defense Appropriations Act, 1985, incorporated in section 101 of the Continuing Appropriations Act, 1985 (P.L. 98-473)).

While the House initially rejected the President's early 1985 request for contra assistance under the procedures described above, by mid-year 1985 Congress had agreed in the Supplemental Appropriations Act, 1985 (P.L. 99-88) and in the Foreign Aid Authorization Act (P.L. 99-83) to a compromise package providing \$27 million in nonlethal, humanitarian aid to the contras to be administered by non-intelligence agencies.

As spelled out in sections 701 and 722 of the Foreign Aid Authorization (IS & DC, 1985), Congress essentially adopted the Kissinger Commission's "carrot-and-stick approach," including pressure on Nicaragua, by helping to sustain the contras with humanitarian aid, to encourage a Contadora-type settlement. Section 701 of the Foreign Aid Authorization, stated that the Congress "strongly supports the initiatives taken by the Contadora group," and it finds that the United States should provide such assistance and support as may be appropriate in helping to achieve a comprehensive and verifiable settlement. Section 722 not only repeats these findings, but subsection (h) authorizes \$2 million for expenses arising from a Contadora settlement, including peacekeeping, verification, and monitoring systems. The carrot-and-stick approach is then more explicitly set out in subsections (i) and (k) and (p). These authorize the President to suspend U.S. economic sanctions against Nicaragua, to resume bilateral talks with Nicaragua, and to request additional assistance for the Central American peace process under expedited procedures if a Contadora settlement is achieved. If results are not forthcoming in these areas, however, the President is authorized to request additional assistance for the Nicaraguan democratic resistance (contras) under expedited procedures.

Acting under the provision just described, the President, in February 1986, requested \$100 million in military and humanitarian assistance for the anti-Sandinista rebels (contras), arguing that Nicaragua had obstructed the Contadora Group's efforts to achieve a regional agreement and had refused to enter into dialogue with the democratic resistance forces in the country. Congress eventually approved this request with passage of title II of the Military Construction Appropriation Act (H.R. 5052). As passed by the House in June 1986 and by the Senate in August 1986, title II provided \$100 million in military and humanitarian aid for the contras and \$300 million in Economic Support Funds for the democratic countries in the region. This provision in the Military Construction Appropriations Act for FY87 was eventually incorporated as section 101(k) in the omnibus Continuing Appropriations Act for FY87 (H.J. Res. 738)

which was passed by Congress and enacted into law (P.L. 99-500, P.L. 99-591) in mid-October 1986.

Like the previous legislation, title II created a series of incentives and disincentives for regional settlement as recommended by the Kissinger Commission. Section 203(b) states that the United States will initiate bilateral discussions with Nicaragua and limit the amount and type of assistance to the contras if Nicaragua makes efforts to reduce military ties to Cuba and the Soviet Union, to control the military buildup, to cease support for insurgencies, to establish democratic processes, and to engage in dialogue with the democratic opposition. Section 205(d) assigns up to \$2 million to facilitate regional peace talks; section 213 sets up a Commission on Central American Negotiations to assess progress; section 211 requires the aid to be disbursed in stages and only after the President reports there is no reasonable prospect for agreement, dialogue, or cease-fire through diplomatic measures; and section 210 provides, in case a peaceful settlement is reached, that the unobligated balance of the \$100 million will be used for relief, rehabilitation, and reconstruction in Central America. In the event no progress is forthcoming, however, section 215 permits the President to request additional assistance for the Contras under expedited procedures.

In early 1987, for a variety of reasons, including the Iran-contra scandal and disunity within the contra political leadership, congressional support for the anti-Sandinista contras appeared to diminish. While efforts to block the final \$40 million tranche of the previously approved assistance seemed unlikely to succeed, the prospects for approval of the President's request for \$105 million in FY88 assistance for the contras seemed to be uncertain.

THE ADMINISTRATION'S MARCH 1987 REPORT AND PLAN FOR FULLY FUNDING
THE COMMISSION'S RECOMMENDATIONS

In early March 1987, the President sent a message to Congress, along with the report and plan for fully funding the Kissinger Commission recommendations. ^{33/} This report was in compliance with a requirement in section 205(c) of the Military Construction Appropriations Act for FY87, contained in section 101(k) of the omnibus Continuing Appropriations Act for FY87 (P.L. 99-500, P.L. 99-591) which originally approved \$300 million in economic assistance for the

^{33/} U.S. House, "Pertaining to Additional Economic Assistance to the Central American Democracies: Message from the President to the United States Transmitting the Report of the Secretary of State, the Administrator of the Agency for International Development, and the Director of the Office of Management and Budget Pertaining to Their Plan for Funding Assistance to the Central American Democracies, Pursuant to Sec. 205(c) of the Military Construction Appropriation Act, 1987, as contained in Public Laws 99-500 and 99-591," 100th Congress, 1st Session, House Document 100-42, March 4, 1987.

Central American democracies, along with \$100 million in military and humanitarian aid for the anti-Sandinista contras.

Utilizing a slightly different method of assigning funds than used in this report, the Administration's report calculates that the shortfall in appropriated funds for Central America from the Commission's targets would be \$760 million, assuming approval of the \$300 million request for Central America in the FY87 supplemental.

While strongly supporting the goals and recommendations of the Kissinger Commission, the Administration does not call for massive funding to make up the identified shortfall. Instead, it proposes to stretch out the time for achieving the Commission's goals by three years, to fiscal year 1992, with a very modest increase in overall funding levels. Excluding consideration of the emergency FY84 supplemental, the Administration's plan calls for Congress to provide a total of \$6.5 billion in direct economic assistance to Central America over a stretched-out eight-year period (FY85-FY92), roughly at the rate of \$0.8 billion per year, compared to the Commission's recommendation of \$6.0 billion over a five-year period (FY85-FY89) at a rate of \$1.2 billion per year. In short, under the Administration's new plan, the projected yearly assistance to Central America is reduced, but the overall commitment to the region is extended by three years. This is in recognition, according to the report, of the funding limitations under the Deficit Reduction Act, the difficulties in instituting fundamental reforms in Central America, and the less-than-optimal external economic conditions for achieving the Commission's goals.

The Presidential message called for expedited consideration by Congress of the request for a total of \$300 million in supplemental FY87 ESF funds for the Central American democracies. Of this total, El Salvador would receive \$152 million, mostly for earthquake-related assistance, Honduras would receive \$65 million, and Guatemala and Costa Rica would each receive \$40 million.

Whatever the outcome of the Administration's request for FY87 supplemental funding for Central America, the Administration's March 1987 report becomes a new benchmark for Congress in its consideration of funding for the Kissinger Commission recommendations.