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FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR 2000

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS

SONNY CALLAHAN, Alabama, *Chairman*

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NOTE: Under Committee Rules, Mr. Young, as Chairman of the Full Committee, and Mr. Obey, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

CHARLES FLICKNER, JOHN SHANK, and CHRISTOPHER J. WALKER, *Staff Assistants*,
LORI MAES, *Administrative Aide*

PART 2

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FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR 2000

WEDNESDAY, MARCH 17, 1999.

SECRETARY OF THE TREASURY

FISCAL YEAR 2000 BUDGET REQUEST FOR MULTILATERAL DEVELOPMENT BANKS AND DEBT RESTRUCTURING PROGRAM

WITNESSES

HON. ROBERT RUBIN, SECRETARY OF THE TREASURY
WILLIAM E. SCHUERCH, DEPUTY ASSISTANT SECRETARY, INTERNATIONAL DEVELOPMENT, DEBT AND ENVIRONMENT POLICY

CHAIRMAN CALLAHAN'S OPENING STATEMENT

Mr. CALLAHAN. Even though some of the committee people obviously are tied up in other meetings, we are going to proceed in order that we can get you out of here in a timely fashion and so Mrs. Kilpatrick and I can adequately celebrate St. Patrick's Day.

We thank you for coming. I am happy to have a guest with me from my hometown, Joe Galinowsky, who is president of the local CBS affiliate in Mobile. He left. He met the Secretary and left.

Good morning, Mr. Secretary. We appreciate your annual visits to explain the requests of the President and the executive branch with respect to your budget.

Secretary Rubin and I spoke briefly yesterday by phone, and I informed him right off the bat that he could expect a 90 percent reduction in his appropriation this year as to what he got last year. He gasped for a second or two, and then I reminded him that last year he got an additional $18 billion for the International Monetary Fund and therefore we were going to start at $20 billion and come down.

Mr. Secretary, you are going to be well pleased with this, I hope, and I know otherwise that you would get up from this table right now and walk away.

Secretary RUBIN. That is what I was going to suggest.

Mr. CALLAHAN. We listened with great interest to the President's remarks yesterday, especially about forgiveness of debt. There are some on this panel who agree with the President that debt forgiveness is a way to enable foreign governments to provide more services for their citizens, but I disagree with that. I think we ask for no accountability of the money they have borrowed. Some of the monies that were borrowed by some of the leaders of some of the

countries have either disappeared or were put into projects that were of such low quality that they only lasted a few years; for example, some roads. Now we say that we want to forgive all of their debt, and all this does in my opinion is enable these countries to do more of the same.

We wipe their books clean, and as a result of that clean slate they go to the banking community and say, Well, we don't owe any money, let us borrow some more. I think that is not a wise move. If our mission is to see that these foreign governments, especially in the developing countries, have an ability to do more for their people, then we ought to consider direct assistance to programs that will benefit their people rather than enable the leadership of those countries to position themselves to borrow more money.

I have seen instances where in some countries entrepreneurs have brought fundable projects to countries such as a toll bridge or something like that which would require no capital outlay for the countries; and the leaders of the country in a sense turn them down and say, Why should we float a bond issue, even though it would be repaid by the tolls, when indeed we can just go to one of the banks and borrow the money and sit around for a few years and then they will forgive all of the debt? I disagree with that, and I know you and the President disagree with me; and I know Ms. Pelosi disagrees with me.

Also in the supplemental bill that we are trying to get on the floor as early as next week, although there is a good possibility we may have some problems getting a sufficient number of votes, we don't want to bring it up unless we have the votes. Because of some problems not necessarily in our area of jurisdiction, but in the defense jurisdiction where there are no offsets, it is causing some problems. We want to make certain when we go to the floor with a responsible bill that we have a sufficient number of votes to pass it.

But we need you to, if you will, address the callable capital issue. You and I have discussed this, and I don't know whether I am right or wrong. If you wanted to bet on it, naturally I would take you because your background and knowledge of the financial community is so superior to most everyone in Congress, and certainly to me.

I look at things a lot simpler than many people do. If I were president of one of these banks that was having this callable capital appropriation rescinded, it wouldn't bother me in the least. I explained this to the full committee last week. Some of us get in the position where our kids need houses and their financial situation is not sufficient to secure the loan they are trying to procure, and they come to their parents and say, Would you endorse a loan, and we do this in many cases. So we endorse a loan, but the bank doesn't say, Mr. Callahan, since you are endorsing this loan for your child, we want you to put this money in an account and not use it. They simply use my assets, and certainly the assets of the United States are still pledged. The authorization is still there. It is callable capital in the event that it is necessary, and it doesn't give me heartburn like it might give you heartburn. I see absolutely nothing wrong with it. I don't think it is fiscally wrong. In fact, I think it is fiscally right to do this because this money has

been sitting there for a long period of time. We are not rescinding all of the callable appropriated capital, and we are not rescinding any of the authorized capital.

So I would like for you to especially address these two issues sometime during your statement. And as I said, once again we welcome you to the committee.

Mrs. Pelosi.

MS. PELOSI'S OPENING STATEMENT

Ms. PELOSI. Thank you, Mr. Chairman. Happy St. Patrick's Day. I like your tie except it has elephants on it. Anyway, Happy St. Patrick's Day.

I want to join you in welcoming our distinguished Secretary to our hearing this morning on the fiscal year 2000 request for $1.523 billion, of which $1.395 billion is for the multilateral financial institutions.

I first want to compliment the Secretary on his perseverance in continuing to guide some of this administration's policies and the country with sound economic policies which have enabled this country to enjoy continued and steady economic growth. Our economic progress and the creation of budget surpluses are due in no small measure to his steady guidance and the respect with which he is held, and his involvement in this administration is something that all Americans are grateful for.

Today the subcommittee will explore the fiscal year 2000 budget request for the multilateral development banks, as I mentioned, of $1.395 billion for ongoing contributions and arrears payments. This continues a downward trend in the request levels for resources for the U.S. contributions for these institutions.

Since 1994, the U.S. has reduced its annual commitment to these institutions by 37 percent, going from an annual aggregate budget of $1.9 billion to $1.2 billion. This has been accomplished without decreasing our voting shares or our overall influence within these institutions. And I know, Mr. Secretary, that you negotiated some of that standing for us. Thank you. I do intend to explore several bank-related issues today, including the need for several new authorizations; current lending policies to countries in economic difficulty; cases of alleged corruption; and the use of resources appropriated for callable capital as an offset to the recently reported supplemental for Central America which our distinguished Chairman went into in some detail. I have very serious concerns about using the callable capital as an offset and look forward to the Secretary's response.

As I have mentioned in the past, Mr. Secretary, I am always interested in the IFIs, international financial institutions, in regard to the environment, as well as being interested in the AIDS issue. I am still clamoring for AIDS to be on the G–7 or –8 agenda because I believe that the spread of AIDS in the developing world is a serious economic issue as well as a humanitarian issue, and I think it should rise to that level of discussion. I am interested in how the World Bank is addressing this crisis as well.

Then we are talking about debt relief. The request also includes $120 million for debt relief for several initiatives, including the Bi-

lateral Paris Club Initiative, contributions to the HIPC, and funds to support the debt for rain forest legislation.

While I am supportive of these initiatives, I continue to believe that we need to develop and implement a more comprehensive policy on debt relief for poor countries which addresses the continued crushing debt burdens these countries continue to struggle with. I intend to pursue these areas in my questions today.

The Chairman talked about his opposition to debt relief, and said I was in disagreement with him. I don't think that we are that far apart. I do not support debt relief to supply funds for governments to siphon off for whatever purpose. I think if we are going to have debt relief, and I do believe that it is an important initiative, then we have to have certain provisos what we expect that debt relief to engender.

I also believe that following a natural disaster as we had in Central America, that we should be very supportive of the economic development that will happen there, in addition to our humanitarian assistance which is very important, but much of which is at the emergency stage. As we go beyond the emergency stage, we have to be talking about helping these countries thrive economically. And I think a means to that end is to have full debt forgiveness, instead of having some debt forgiveness and prolonging the agony, they will have to borrow again to keep up with their payments. I think if we have debt forgiveness it will be a giant step in the direction of the economic recoveries that promote market opportunities that will help these countries have almost a boom following the natural disaster that they have suffered.

So in the spirit of hoping that we can find common ground, because your objections to debt relief I share, but I think we come down at a place where the debt relief is necessary, and if our lack in confidence in how the funds would be used is to have provisos, so be it. Let us do that.

We are here to hear the Secretary, and the Secretary is well aware of the difference between the Chairman and me as we approach the debt relief issue. I am interested in hearing the view of the administration but I probably want more debt relief than the administration does, Mr. Callahan.

With that I welcome you, Mr. Secretary, and thank you for your great leadership.

Mr. CALLAHAN. Thank you. Mr. Rubin, we will accept your statement for the record and the floor is yours, sir.

SECRETARY RUBIN'S OPENING STATEMENT

Secretary RUBIN. Mr. Chairman, Ms. Pelosi, let me first start by saying that the subcommittee played a very important role last year in the IMF appropriation and I do believe that that appropriation was critical with respect to dealing with the international financial stability of this past period. I think that without what this committee had done, the world might be in a lot worse shape.

As Ms. Pelosi said, for fiscal year 2000 we are requesting $1.523 billion, which is an increase of less than 1 percent, not when you start with the IMF $18 billion, but when you start the other way. That request is for financing for the international financial institutions, debt programs and technical assistance.

Just one comment with respect to the financial crisis. There has been a lot of discussion about whether the IMF and the World Bank and others have handled this crisis in a sensible fashion. My view is that they have faced complex, unprecedented issues, and on balance they have made sound decisions. There also has been a high level of willingness to be flexible and make adjustments where necessary, and I think they have done a good job in the face of an unprecedented, complex situation. I think the world is a lot better off than it otherwise would have been.

Two instances of countries in which the governments took ownership of reform and where we see real progress—and this never works unless a country takes ownership of reform—are Korea and Thailand. I remember the last week of 1997. Korea then had reserves of roughly $3 to $4 billion and they now have reserves of $51 billion. Interest rates in Korea were as high as 35 percent at some point after the crisis began. Interest rates are now between 5 and 6 percent. Thailand has had similar progress. Both of these countries have lots of challenges ahead, but where countries have taken ownership and the IMF has put in place strong programs, there has been real progress.

In terms of U.S. economic interests, as we have said so many times during the course of the discussion about the financial crisis, our economic interest is very much affected by what has happened in the rest of the world. And while we have continued to have a good economy and are likely to continue to have a good economy, certainly many sectors have been affected by the crisis and it has created an additional risk in the overall economy.

Let me briefly speak regarding financial institutions and why they are an appropriate way to center our efforts with respect to both financial crisis and promoting long-term growth in developing countries. Firstly, they internationalize the burden. In 1998, $1.4 billion in American appropriations gave us enormous influence with respect to $57 billion in total multilateral development bank lending.

Second, our fiscal year 2000 request for the international financial institutions is about 5.5 percent below last year's appropriations. Both of those years' appropriation requests have included payment of arrears, as you know. More broadly, we have negotiated under Bill Schuerch's leadership, enormous decreases in our ongoing scheduled requirements, which were something like $700 million per annum higher in the mid-nineties. I believe that is down about 35 to 40 percent.

Third, because these institutions are multilateral, they can induce or require conditionality that you could not do on a bilateral basis.

And fourth, each institution has a specialty unto itself. We have worked very forcefully in these institutions to promote reform both with respect to how they operate and the content of the programs, including environmental, human rights and other issues.

In terms of long-term growth, if you take a look over the last 20 to 30 years, these institutions have been central. There is really a very impressive record of growth in many countries, even after allowing for the recent crisis. Infant mortality rates fell by nearly 50 percent in the early 1970s to the mid 1990s, and life expectancy

has increased by an average of 4 months a year on average since 1970. Adult literacy has risen from 46 to 70 percent. And as that has happened, these countries have become markets for our goods. I can remember 15 or 20 years ago when a developing country was thought of basically as a recipient of aid. In 1997 they absorbed something in the neighborhood of 40 percent of our exports.

As an example of international financial institution roles, IDA is the world's largest lender of concessional resources for projects in health, primary education, nutrition, safe drinking water, proper sanitation; and in IDA for every dollar that we put up, roughly speaking $8.5 is lent, and again we have tremendous influence in how that money is used.

I think that does bring us to the question of the debt burden. Let me say, Mr. Chairman and Ms. Pelosi, I actually agree with both of you. I think it is a very complex issue, because I think it is a balancing of competing considerations. Yesterday, as you know, the President announced a new major initiative, and let me try to express our philosophy with respect to debt reduction. I think you will see a reflection of both concerns.

Firstly, we believe debt reduction is unlikely to have any lasting impact unless it is accompanied by meaningful economic reform so that the resources freed up are used for good purposes rather than simply consumed in some current fashion and having no lasting impact. So we require that debt relief goes only to countries that are engaged in effective reform programs.

Secondly, our approach is designed to bring debt levels down to what a country can reasonably be expected to afford. And here there is a tension, and I think the Chairman brought it out particularly well. Let me tell you the balance that we have tried to find.

On the one hand, as Ms. Pelosi said, many countries are simply overwhelmed by unsustainable debt and the call on the country's resources makes it virtually impossible for these countries to grow. And we think that is a nonviable position for a country committed to reform to be in.

On the other hand, as the Chairman pointed out, if the private sector does not believe that a country has a culture of credit in which borrowers are committed to repay obligations, then these countries will not get private sector capital, and private sector capital is an absolute requisite for growth over the long term.

Secondly, as the Chairman also pointed out, if borrowers feel that they are not going to have to pay back debt, then they will borrow carelessly and use money carelessly. So what we try to do is find a sensible—and that is what the President's program announced yesterday carries forward—a sensible balance between these competing considerations. Obviously reasonable people can disagree where that balance lies, but I think the proposed framework is probably about right.

In line with that analysis, we request $120 million this year for debt relief programs broken out as follows: $50 million for the HIPC initiative. That is the heavily indebted poor countries' initiative which has been launched by the World Bank and IMF in 1996, and which is intended to reduce debts to sustainable levels for those poor countries prepared to pursue economic and social policy reform. And $20 million for the Paris Club, which you know is a

multilateral process for bilateral debt reduction, and $50 million to finance debt relief for tropical rain forest countries which is called for under the Tropical Forest Conservation Act of 1998, which in my view at least is a good piece of legislation.

We have also made great progress, under the leadership of this subcommittee, in paying our MDB arrears, which I think is very important in terms of maintaining our influence in the institutions. If our requests for arrears in this budget are fully funded, then arrears will be brought down to $141.9 million, which is tremendous progress compared to where they were at their height. I believe they were at $900 million, not counting the money held back because of our problem with IDA 11. So that is a lot of progress. This subcommittee obviously played an absolutely indispensable role in that progress.

On the question of rescission, Mr. Chairman, I guess all I can tell you is a reflection of my own experience, plus my having spoken to some of the financial officials involved whom I know and respect. They say that when the underwriters and the regulators come to examine the multilateral development banks—and I am particularly focusing on the World Bank now—the first thing they ask is what is the United States' appropriated callable capital, because of the concern—skittishness might be a better word—because of the skittishness about American commitment to international economic activity. There is a skittishness amongst the underwriters and other agencies with respect to our commitment, which they fear is reflected in the length of time that it took us to get the IMF quota increase legislation passed, the fact that we are massively in arrears to the United Nations. So what they look at is the appropriated callable capital, not the total callable capital.

So it is my concern that if there is a rescission, that could adversely affect the perceived creditworthiness—whether it should or shouldn't—the perceived creditworthiness of these institutions; and therefore, their borrowing cost; and that in turn would mean less money for the countries to which they are lending. And that is coming at a time when we are enormously involved with these institutions in trying to deal with this financial crisis, which I think unfortunately still has a good way to go before it works its way through the world economy.

In addition, it is a very negative message to send to the rest of the world in terms of our commitment. It is a little bit hard to tell how other countries would react, but it is possible that a rescission will cause other countries to pull back too. I do not know. But it is a risk, it seems to me, that we should not be taking at this time.

Let me briefly mention one other item, even though it is not in the jurisdiction of this subcommittee anymore, and that is the coummunity adjustment and investment program of NAD Bank the "CAP". As you know it has been moved to another subcommittee, but we remain fully committed and we will be working hard to get appropriate funding.

Let me conclude, if I may, by just saying that we continue to strongly support the international financial institutions. I think that they serve the American people and our economic interests extraordinarily well. This committee has been extremely constructive and central to providing that support that they need and we look

forward, Mr. Chairman and Ms. Pelosi, to working with you this year as you review and hopefully fund our budget requests. Thank you.

[The information follows:]

EMBARGOED UNTIL 10 A.M. EST
Text as Prepared for Delivery
March 17, 1999

TREASURY SECRETARY ROBERT E. RUBIN
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS

Mr. Chairman, Ms. Pelosi, I appreciate the opportunity to testify today about the Administration's FY 2000 budget request for Treasury's international programs. Last year, the leadership of this Committee was critical in approving the increase in our quota to the International Monetary Fund and our participation in the NAB, and that, in turn, was critical to dealing with the financial instability abroad that could so affect our own economy. This year, continued support of Treasury's international programs, which are central to the ongoing response to the financial crisis and to the overall effort to foster a healthy global economy, will promote the economic well-being of American workers, farmers and businesses.

Our FY2000 request for these programs totals $1.523 billion, an increase of less than one percent from FY1999. Our investment in these programs supports the international financial institutions -- the World Bank, the International Monetary Fund and the regional development banks -- in helping to restore financial stability where needed, in promoting long term sustainable growth in developing countries, and in working with developing countries committed to economic reform to reduce unsustainable levels of debt.

With respect to the financial crisis, the International Monetary Fund, in close collaboration with the World Bank and the regional development banks, has developed new programs to bolster needed structural and policy reforms in the countries experiencing crisis, while at the same time helping protect the most vulnerable.

I believe that, on balance, the IFIs have made sensible judgments in confronting the enormously complex and, in many ways, unprecedented issues posed by the financial crisis, and have adjusted their judgments when appropriate.

In those countries that have taken ownership of reform, for example, Korea and Thailand, there has been considerable progress toward a return to stability. Korea, which had $4 billion in usable reserves when the crisis came to a head in December of 1997, now has $52 billion. Short term interest rates, which were as high as 35 percent at the end of 1997, now are at 5 percent.

But despite this progress, much remains to be done. The problems that gave rise to the crisis took a long time to develop, and they will take time to work through.

Here at home, while the most likely scenario remains solid growth and low inflation -- subject to the usual ups and downs -- certain sectors have been impacted by the crisis, some because of increased imports, and others because of decreased exports. Moreover, problems in the global economy do constitute a risk to our overall economic well being. That is why we have been enormously focused on the effort to restore stability and growth to troubled parts of the world, and the IFIs are at the center of this effort.

Now, let me make several observations with respect to why the IFIs are at the center of our efforts to promote growth in the developing and transitional countries, as well as being at the center of our work to deal with the financial crisis.

First, they internationalize the burden. In 1998, $1.4 billion in U.S. appropriations gave us great influence with respect to $57.1 billion in total MDB lending.

Second, our FY 2000 request for the IFIs is about 5.5 percent below last year's appropriation, with both years having included funds to pay arrears. On-going U.S. financial commitments to MDBs have been negotiated down by $700 million dollars per annum, or more than one-third since the mid-1990s, without a reduction in our influence. The United States has been a leader in shaping policies in the MDBs and most of our key developmental objectives are now broadly shared by other members.

Third, because they are multilateral, these institutions have the ability to induce recipient countries to accept conditions that no assisting nation could obtain on its own.

Fourth, each institution has expertise special to itself to shape effective reform programs.

The United States, in concert with the international community, has worked forcefully with these institutions to reform their operations, reduce overhead, become more open, do more to prevent corruption, promote the private sector, and become more sensitive to environmental concerns, core labor standards and human rights. Under the leadership of Jim Wolfensohn, the World Bank has taken significant steps to improve operations. The United States and the international community are also looking very closely at the role of these institutions in the future international architecture.

Mr. Chairman, let me now comment briefly on long term growth promotion in the developing world.

The IFIs have been instrumental in helping countries throughout the developing world embrace market-based economic systems and become more fully integrated into the global economy. As a result, even taking into account the adverse impacts of the recent crisis, the last few decades have witnessed substantial improvements in living standards in most of the developing world. Infant mortality rates fell by nearly 50 percent from the early 1970s to the mid-1990s and life expectancy has risen by four months on average each year since 1970. Adult literacy has risen from 46 to 70 percent. As they have grown, these nations have turned into new markets for U.S. goods and services. In 1997, before the recent crisis, the developing world absorbed somewhat over 40 percent of U.S. exports.

As an example of the IFI role, IDA is the world's largest lender of concessional resources for projects in areas such as health, primary education, nutrition, safe drinking water, and proper sanitation. For every dollar the U.S. contributes, IDA lends about 8.5 dollars for programs that promote higher standards of living and foster stability.

Even so, the vast economic and human potential of the developing world has barely been tapped. Just last summer, for example, I visited Africa, a continent with enormous potential and enormous challenges and still largely left behind in the global economy. Clearly, in Africa, and elsewhere, the need for -- and the importance of -- the IFIs helping to bring developing nations into the economic mainstream has not abated.

However, Mr. Chairman, bringing these countries into the economic mainstream often requires us to review the debt burden that they have accumulated over the years. Yesterday, the President announced a major debt reduction initiative to help promote the integration of the poorest countries into the world economy. It includes components providing for deeper or accelerated debt reduction, and inclusion of additional countries into existing debt reduction programs, both multilateral and bilateral. Our policy tries to strike an economically sensible balance between competing considerations with respect to debt reduction. Firstly, debt reduction is unlikely to have lasting benefit if not accompanied by meaningful economic reform, so that the resources freed up by debt reduction are used for good purpose. And as the President said yesterday, "the more debtor nations take responsibility for pursuing sound economic policy, the more creditor nations must be willing to provide debt relief." Secondly, our approach is designed to support substantial reductions in debt service payments and total debt burdens to levels consistent with what these countries can reasonably be expected to afford. And, here, there is a tension with respect to debt relief, and we have tried to find sensible balance. On the one hand, many developing countries are simply overwhelmed by unsustainable debt burdens. On the other hand, if the private sector does not believe that a country has a culture of credit in which there is a commitment to repaying debt, private sector capital probably won't flow to that country, and private sector capital is an absolute requisite for economic growth over time. In

addition, if borrowers feel they are not going to have to pay back debt, it may result in unsound borrowing, which will then lead to future problems.

In line with this analysis, our budget request includes $120 million for debt programs, broken out as follows: $50 million for the Initiative for Heavily Indebted Poor Countries, which was launched by the World Bank and the IMF in September 1996, to reduce debts to sustainable levels for those poor countries prepared to pursue economic and social policy reforms; $20 million for the traditional Paris Club mechanism to reduce debt; and $50 million to finance Debt Relief for tropical rainforest countries, as called for under the Tropical Forest Conservation Act of 1998.

Before concluding, let me note that, with the leadership of this Committee, we have made great progress in clearing our arrears to the Multilateral Development Banks. If the FY2000 request is fully funded, our arrears will be reduced to $141.9 million. Delays in paying U.S. commitments on internationally negotiated agreements come at a high price in terms of our influence and effectiveness with the institutions and their members. We want to continue working closely with this Committee and the Congress to fully meet U.S. financial commitments.

With respect to U.S. financial commitments, let me say a word about the proposal before Congress to rescind appropriated U.S. callable capital. If enacted, the rescission of U.S. callable capital could be perceived as a major reduction in U.S. political support for the institutions, and could lead to a serious market reassessment of the likely U.S. response to a call on MDB capital should one ever occur. Such a reassessment could increase borrowing costs for the institutions, costs which would then be passed on to the developing countries they are mandated to help. At a time when the global economy is facing difficult new challenges every day, I believe that a rescission of callable capital would be an extremely negative message.

I would also like to bring to your attention an item that has been of great interest to this Subcommittee in previous years. We have worked hard to make the domestic window of the North American Development Bank fully productive. It is fulfilling its mission, and I urge you to support this year's request.

Mr. Chairman, Ms. Pelosi, let me conclude by reiterating that our strong support for the international financial institutions -- as well as the United Nations, I would like to note – strongly promotes America's economic well being and national security interests. This Committee is central to providing that support, and we look forward to continuing our good working relationship as we deal with this budget request.

Treasury International Programs: FY2000 Requests

Budget Authority; $US millions	FY 1999 Appropriation	FY 2000 Request	Of Which Arrears	Remaining Arrears
I. MULTILATERAL DEVELOPMENT BANKS	1,478.26	1,394.53	168.38	141.90
World Bank Group:				
International Development Association	800.00	803.43	—	—
Multilateral Investment Guarantee Agency	—	10.00	—	—
Global Environment Facility	192.50	143.30	35.80	71.66
African Development Bank Group:				
African Development Fund	128.00	127.00	27.00	—
African Development Bank	—	5.10	—	—
Asian Development Bank Group:				
Asian Development Fund	210.00	177.00	77.00	—
Asian Development Bank	13.20	13.70	—	—
Inter-American Development Bank Group:				
Inter-American Development Bank	25.60	25.60	—	—
Multilateral Investment Fund	50.00	28.50	28.50	70.25
Inter-American Investment Corp	—	25.00	—	—
Fund for Special Operations	21.15	—	—	—
European Development Bank:	35.80	35.80	—	—
II. DEBT RESTRUCTURING PROGRAMS	33.00	120.00	—	—
A. Paris Club, Heavily Indebted Poor Countries (HIPC), Africa Initiative	33.00	20.00	—	—
B. HIPC Trust Fund	—	50.00	—	—
C. Tropical Forest	—	50.00	—	—
III. TECHNICAL ASSISTANCE	1.50	7.00	—	—
IV. IFI COMMISSION AND IMF COMMITTEE	—	1.50	—	—
TOTAL BUDGET AUTHORITY REQUESTED	1,510.76	1,523.03	168.38	

NEW U.S. INITIATIVE ON DEBT
MARCH 16, 1999

"Our goal is to ensure that no country committed to fundamental reform is left with a debt burden that keeps it from meeting its peoples' basic human needs and spurring growth."

-- President Clinton

President Clinton today called on the international community to pursue a comprehensive approach to debt relief for the heavily indebted poorest countries -- the HIPCs -- which, if fully implemented by creditors and the HIPCs, could result in forgiving an additional $70 billion in debt.

Today's proposal extends the U.S. commitment to providing more relief, more quickly to a broader range of heavily indebted poor country that have strong reform programs.

The following are key elements of President Clinton's initiative, and the US will work with its colleagues in the G7 to implement these proposals:

- Front Loaded Relief: Focus on early cash flow relief by the international financial institutions, in conjunction with ongoing forgiveness of cash flows by the Paris Club, to accelerate relief from debt payment burdens without undermining the incentive for sustained economic performance.

- Deeper Debt Reduction: Complete forgiveness of bilateral concessional loans, rather than rescheduling as is done at present; increased forgiveness of bilateral non-concessional debt from 80% up to 90%; and in exceptional cases on a broader base of debt.

- Avoid Future Debt Problems: Seek international commitment to provide at least 90% of new aid to HIPC countries on a grant basis.

- Exceptional Relief for Exceptional Performers: Deeper debt reduction in exceptional circumstances to those countries where it can make a real difference.

- Innovative Approaches: To channel resources from HIPCs that receive debt reduction from debt service into education or environmental protection, using innovative financial instruments like debt-for-nature swaps; and take new approaches to promote reconstruction in countries emerging from protracted domestic conflicts;

- New Financing: Gold sales by the IMF, additional contributions to the World Bank's HIPC Trust Fund and other creative approaches to help meet the costs of this initiative.

If all HIPC-eligible countries qualify, these proposals would reduce an additional $3 billion in U.S. bilateral debt than under the current HIPC initiative and would leverage almost $70 billion in additional debt relief from other creditors.

BUDGET REQUEST

Mr. CALLAHAN. Thank you, Mr. Secretary. I know that the primary purpose yesterday was to speak to your budget request. We can't really give you any concrete answers because we don't know how much money is going to be allocated but I do compliment you on keeping your requested increase to the minimal level, and we certainly will consider your request when we finally get our allocations.

Indications are that we are going to be suffering from an allocation point of view. The Budget Committee, which is meeting now and which will be presented to the full House and to the Senate maybe as early as next week, indicates that there is going to be a very huge shortage of money for the Appropriations Committee. And if that is the case, I don't imagine they are going to be allocating me or this committee a huge increase while reducing some other committees with domestic needs. So we will just have to address that and we certainly will stay in contact with you. We are also happy to have Under Secretary Schuerch here today.

Mrs. LOWEY. Bill.

Secretary RUBIN. Bill Schuerch.

Mr. CALLAHAN. He has a good educational background. He may be a spy, but he is a good one for you and for us.

With respect to the callable capital, I still can't see why we ought to be concerned about what the regulators say. The facts are that the United States Congress and the United States of America have committed callable capital to these banks, period. No other country puts their money in a safety deposit box or a drawer on the side and says, This money is here if you ever need it. No other country does that, and there is no real reason for us to do it. The full faith and credit of the United States of America is in the agreement, where we agreed and authorized through this Congress callable monies. I don't care what the regulators' concerns are. I don't care about the skittishness of the American commitment. That sort of aggravates me. Since we are the number one donor in the world, I don't know why we ought to be concerned about their skittishness and the perceived creditworthiness. You put yourself, you put me in their position, I would say the same thing.

But the reality is that it is not a reduction of the commitment. It is not a rescission of the commitment. The assets of the United States fully can back up this amount of money if indeed it were ever called.

And lastly, we are taking $650 million, that is 18 percent, maybe 20 percent of the callable capital. If they indeed were to call in capital, they just wouldn't call in our capital, they would have to call in universal capital. We are talking about a huge amount of money, and also there is callable capital cash left there to begin with.

So I think they are overreacting. If I were president of that bank, I wouldn't care. The full faith and credit of the United States is there in the authorization, and the fact that we won't put it in a side drawer or piggybank just in case they need it, I think that is ludicrous.

I don't think that even stands up to good argument on their part. The money is not needed. It hasn't been needed for, what, 20 years,

19 years; and why all of a sudden they would be concerned if we took it out of the piggybank and put it into something else, I don't know. But in any event, I can understand them saying that. But if they want to say, Well, all countries will have to do the same thing, that would be something else. But they are only saying to the United States, We don't trust you, we don't trust the Congress, and we feel if you take this cash back, even though the commitment is still there, we don't trust you. Well, that is too bad if they don't trust us.

Secretary RUBIN. The problem is not regulators. The problem is basically the underwriters, and you may be 100 percent right. It may be that there should not be a perceptual difference. But when you look at what is happening with the U.N. and IMF, you can see how people might be a little nervous.

Mr. CALLAHAN. Was the IMF callable capital?

Secretary RUBIN. No, but we had entered into a commitment to——

Mr. CALLAHAN. I understand that. We have authorization—there is a big difference there because the Congress has authorized this callable capital.

Secretary RUBIN. There is that on the one hand. But once you rescind, you have to go back to Congress again. I think the basic problem here, Mr. Chairman, is whatever underwriters and worldwide creditors think. At least based on the survey that I have done, and I have talked to several people about this, it is their view that rescission would affect—and this is a question of people who provide capital in the markets—that a rescission could be perceived as a significant event with respect to the rates, at which money is lent to these institutions.

That does not strike me as being totally irrational. In terms of other countries, for the most part they don't have this appropriation issue. Once they make a commitment, that is the same as both our authorization and appropriation of callable capital. In other words, they don't have the interim problem of having to go back to a Parliament. So basically they are in the same place we are with respect to our appropriated callable capital.

Mr. CALLAHAN. It is a difference of opinion, but it is aggravating to me that they would say they don't trust the appropriators. What they are saying is that we are not going to require any other country—some of them are in real dire financial straits, and they are not considering that some detriment to the bank.

Secretary RUBIN. The people whose capital depend on the institutions aren't the developing countries. They are the major industrial countries. It is not the World Bank and the others that are the ones whose views matter. It is the underwriters, the creditors and to some extent the rating agencies. This is not a criticism of or a comment on the banks. It is a comment on those who fund the banks, the rating agencies who rate them, and the underwriters who raise the money.

Mr. CALLAHAN. I think if I were a bank, I would rather have it in a lockbox or side drawer someplace, but it wouldn't affect my judgment as to whether or not the bank was solvent or whether or not it was actuarially sound. I disagree with them. We will discuss that as we go further into the day.

Mrs. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman. Mr. Chairman, how are we proceeding?

Mr. CALLAHAN. We are going to keep to the 5 minutes so we make sure that everybody here—if you think you are going to be longer than 5 minutes—I wasn't longer than 5 minutes.

Ms. PELOSI. I will take the same 5 minutes you did.

Mr. CALLAHAN. Fine.

Ms. PELOSI. Thank you, Mr. Chairman. I just want to follow up on your line of questioning and have the Secretary continue on a track that he was on before.

Mr. Secretary, you said the skittishness that you referred to calls the commitment into serious question. Can you comment further on how additional borrowing costs could hurt the banks in terms of restricting new lending and funding debt relief initiatives?

Secretary RUBIN. The World Bank has a triple A rating. That is a very rare rating in today's international financial markets. If there were qualms about the triple A rating, the bank could still be viewed as a very good credit risk, but not triple A. That would substantially increase the cost of money to the bank.

If a lower rating increased the cost of money, the Bank's resources would have to be used to pay the higher cost of capital, and that means less money would be available to use for developing countries that they try to assist.

Ms. PELOSI. I have a couple of odds-and-ends questions.

Secretary RUBIN. Mr. Schuerch points out that a lower rating would particularly affect IDA, because IDA is funded in some measure by transfers from the IBRD.

Ms. PELOSI. I just have serious concerns about using this callable capital as an offset because I think it could——

Secretary RUBIN. I would say this.

One of the concerns that I had about the proposed rescission, and I know that it is a concern that others have had that focus on this issue, is that once the callable capital is seen as available and perhaps a source of budget authority that does not carry a lot of consequence, that there are others in Congress who might decide they would like to use it too. And I think that there is little doubt that if this spread and really took the whole $12 billion of appropriated callable capital that is available for whatever purposes, I think you really do run a substantial risk of having a substantial adverse impact on the perceived creditworthiness of these banks and would substantially increase the cost that they would have to pay to borrow money.

Ms. PELOSI. I appreciate your response. I think that anytime that that resource is put in doubt, it diminishes confidence, and confidence is a large part of what we are progressing with.

Secretary RUBIN. It is a particularly bad time to have that happen, given that we are still very much coping with the question of confidence with respect to global financial markets.

Ms. PELOSI. And particularly the Asian financial crisis to go to the Asian bank. A couple of odds-and-ends questions, and then we will have another round.

Mr. Secretary, what is the status of the advisory committee to be established by Treasury to give advice to the IMF on IMF policy

as mandated by the bill enacted last year? When will the members be announced and when will the first meeting take place?

Secretary RUBIN. There are two committees that we were required to set up. Are you referring to the one that advises me.

Ms. PELOSI. Why don't we talk about both of them.

Secretary RUBIN. For one of them, the Advisory Commission, the members are appointed by Congress. For the other, the Advisory Committee, the members are appointed by the administration. We have selected the members of the Committee. Have we named them yet? It is not public yet. I guess we are doing vetting. We have made our choices and we conferred with labor and environmental groups and all of the relevant constituencies that were involved, and we have a good group of people that the constituencies that are supposed to be represented will be pleased with.

In the case of the Commission the other advisory group where the members are appointed by Congress, I don't——

Ms. PELOSI. Some are.

Secretary RUBIN. Bill points out that the Democrats have appointed their members, and the Republicans are in the process of doing that.

Ms. PELOSI. Hopefully that will move along and we can use our moral suasion that we have work to do and need the commission report.

I mentioned in my opening remarks about the global AIDS issue. In recent years the pandemic has been sort of on the G–7 agenda. Can you tell us what has resulted from these discussions and if AIDS will be on the agenda again this year?

Secretary RUBIN. I——

Ms. PELOSI. I am asking very abbreviated forms of my questions in the interest of time, Mr. Chairman.

Secretary RUBIN. I think if you look at Africa, AIDS has become as significant as any other impediment to economic growth. There are countries that have 20 percent rates now of HIV-positive, and that is a horrible human tragedy. It is also a horrendous economic development problem.

The World Bank is very focused on dealing with AIDS. And particularly as I understand it, they are focused on education and preventive measures. There is one country that I can recollect that has put in place a significant education program and they have reduced the HIV infection rate from 30 to 10 percent in a 5-year period.

Ms. PELOSI. I will submit these questions for the record because they are very specific about this issue, but as a supporter as I am of the World Bank, I was concerned that the GAO report was critical of the World Bank for not cooperating with the U.N. AIDS program, and I hope that you will convey the high priority that this issue has here to the World Bank.

Again, I say that with the highest regard for the World Bank, but it is just an issue of collaboration.

Secretary RUBIN. They are very focused on AIDS. If they are not cooperating with the U.N. program in some fashion, we can follow up on that.

Ms. PELOSI. Thank you, Mr. Chairman.

Mr. CALLAHAN. Mr. Packard.

Mr. PACKARD. Thank you, and thank you for appearing.

I share the same views on debt forgiveness that the Chairman has spoken to. I have concerns. Your heavily indebted poor countries, how does a country get on that list?

Secretary RUBIN. By having a lot of problems. The definition under existing programs would be a country having a ratio of debt-to-exports in excess of 200 percent, and they also have to have a poverty rate such that they would qualify for IDA which means an average per capita income of $950 a year or less. So they have to be poor and heavily indebted.

Mr. PACKARD. How many countries are listed in that group?

Secretary RUBIN. My recollection is that there were 41 which by——

Mr. SCHUERCH. Forty-one by the poverty criteria.

Secretary RUBIN. Forty-one by poverty and 23 by unsustainable burdens of debt, not counting the additions that would occur as a result of the program the President announced yesterday. Is that correct, Bill?

Mr. SCHUERCH. Yes.

Mr. PACKARD. Any of the larger countries that we do a lot of lending to on that list, Brazil, Russia, Ukraine?

Secretary RUBIN. No, none of those. In fact, you will find that a lot of the countries are sub-Saharan African countries.

Mr. PACKARD. One of my concerns is that with a very loose requirement and monitoring of debt relief, there is so much corruption in many of these small countries it could be an incentive to further corruption rather than a disincentive, and that is a great concern.

Secretary RUBIN. I think your point is exceedingly well taken. One of the factors that gets looked at with respect to reform is corruption. In the program that the President announced yesterday, although he didn't say this, one of the factors that is involved in getting the deepest debt reduction would be effective programs to a deal with corruption. So your point is well taken.

Mr. PACKARD. A totally separate question. In my part of the country, NAD Bank is very important down near the Mexican border and San Diego area. I am not sure that we have lost jurisdiction as a committee. I don't know where that stands as of yesterday, but be that as it may, the United States and Mexico have put close to a half billion dollars into that program, and it is hopefully to be used to leverage and finance up to $3 billion of environmental projects.

To date, very few projects have been funded by the NAD Bank even though the money has been there and of course the mission has been there. And, frankly, the environmental problems at the border are worse today than when we started NAD Bank, and are still further deteriorating. If we were to evaluate the program from that point of view, it would have been a failure. I have been supportive of NAD Bank and I will continue to do so, but I really believe that it needs to be used for its mission.

Can you address what is being done and what can be done to make sure that money is funded for projects which are going to solve the environmental problems?.

Secretary RUBIN. My impression is that on the environmental side it was a little bit slow in getting up, and these are complicated

projects and it takes time to get them going. But I think they are moving at a better rate now.

Why don't you respond, Bill?

Mr. SCHUERCH. I went down to the NAD Bank's annual meeting and we had a public hearing. The management has been focusing and will continue to focus next year on pushing implementation of the projects that are in the pipeline. There has been quite a bit of success. It is a difficult job, but I will have to say that the tone of the comments in the public hearing was remarkably different from what we have heard in prior years. Most of the speakers came forward and were quite complimentary of the focus on implementation now, although they were dissatisfied a year ago and 2 years ago.

So I think we have at least the start of the turnaround in that problem and we are certainly focused on it.

Mr. PACKARD. Certainly this Congress will become more complimentary as we see results, and I hope you are right.

Secretary RUBIN. On the community development side, we have made real progress in moving money out the door. That is now in the jurisdiction, I think, of the Treasury, Postal Subcommittee. Treasury has nothing to do with the jurisdiction issue but that is my understanding.

Mr. CALLAHAN. We are going to go down the line, but Mr. Obey has to leave by 11:20 so if we don't reach him, we are going to have to jump over the line. Mrs. Lowey.

Mrs. LOWEY. I will be happy to defer to——

Mr. OBEY. I just want to see what is up first.

Mrs. LOWEY. We only have 5 minutes, and I will move quickly. I want to join my colleagues in welcoming you, Mr. Secretary, and we are very proud of your outstanding record. And Mr. Bill Schuerch, as Deputy Assistant Secretary, we are delighted to see you.

Secretary RUBIN. We just refer to him as our leader.

Mrs. LOWEY. He has been our leader for many years, and we are delighted to see him here.

There has been a good deal of discussion this morning on callable capital, so I think I will get on to some other issues, but I know that it does warrant further discussion and exchange of ideas. I just do want to say, as a key advocate for paying our United Nations arrears, there may be some questions about the United States paying its debts. In all of my discussions with many advocates, it is absolutely a shame—and this committee is not responsible for that—but I think it is shameful that we have not paid our United Nations dues. To think that by the end of the year we will lose our vote in the General Assembly under Article 19. If we don't pay our arrears, it may put in question the faith and credit of the United States and our commitments.

But to move on to another issue, I just wanted to talk a little bit about GEF the Global Environmental Facility because the house bill also included a rescission of $25 million for GEF, and the Senate bill included a $60 million rescission for GEF.

Can you let us know the impact these cuts would have on the critical conservation work that GEF is engaged in? In fact, I believe the United States is already $35.8 million in arrears to GEF before this rescission?

Secretary RUBIN. That is right, Mrs. Lowey. For FY 2000 we are requesting $35.8 million of the $107.5 million which we currently are in arrears to the GEF. I think GEF performs a unique function in dealing with environmental problems and cross-border effects, which no one country has the full incentive to deal with and yet the globe certainly does.

It is our judgment that there shouldn't be any rescission with respect to GEF. I guess I would have to say while that would certainly be our preference, some rescission may be absorbable. But at 60 million you get to a level that could have a significant impact on a very important program. And as you know, we are very much opposed to that level of rescission.

Mrs. LOWEY. Following up on the impact the rescissions will have on GEF, I want you to discuss further the work that GEF does to help American businesses trying to compete in the global marketplace. How does GEF combat the competitive disadvantage that American businesses face as a result of weak environmental laws in other countries?

Secretary RUBIN. I think it actually serves an even broader purpose, and that is when you have problems in tropical rain forests and you have other environmental problems around the world, the effects fall on us as well as on the countries in which the problems take place; and yet these countries have neither the resources nor the incentive to fully fund solutions to the problems that they have, because these problems, while originating in these countries, have effects that go much beyond those countries. And that is what GEF deals with.

GEF also, by promoting environmental investment, is a very important source of purchasing power with respect to environmental equipment and we are the world's leader in the provision of that kind of equipment.

Bill, would you like to add anything?

Mr. SCHUERCH. Yes. GEF spends a considerable amount of resources also on helping Third World countries develop plans and work through participatory processes with civil society organizations so you build a base in support of environmental activities, and this goes towards moving legislation as well as getting them to have the same types of values and interests vis-a-vis environmental activities as the United States does. But it is a longer-term process, it is not an immediate process.

Mrs. LOWEY. I thank you. Another area that we have discussed in the past is health and education. Last year a number of us raised concerns about a drop-off in World Bank lending for help in education. And I am happy to see that since then, the World Bank has increased its commitment and has lent over $5 billion for health and education in 1998. And I just wanted to commend you and the World Bank president, Jim Wolfensohn, for your commitment to this issue.

Could you perhaps discuss with us briefly the work that you are continuing to do and you are planning to do with the World Bank to ensure that education and health care continue to receive the high priority that they deserve?

Secretary RUBIN. We recently met with Jim Wolfensohn and his principal deputy, I have forgotten exactly when. Some of the prior-

ities of the World Bank which we discussed were education, health care, the other social programs that underlie a market-based economy, and I think it would be fair to say that they have over time reoriented their focus, and that is why there were the improvements in 1998. They have reoriented their focus away from large construction projects toward what we think are more fundamental requisites for a successful modern economy.

Mrs. LOWEY. Thank you. Thank you, Mr. Chairman.

Mr. CALLAHAN. Thank you. Mr. Knollenberg.

Mr. KNOLLENBERG. Mr. Secretary, good morning. I have a couple of follow-up questions on the GEF issue which was raised by my colleague, Mrs. Lowey.

Since its establishment, the U.S. has contributed well over $200 million to GEF, and last year's omnibus appropriation bill increased by funding $192.5 million.

Secretary RUBIN. Which was arrears.

Mr. KNOLLENBERG. With regard to GEF, I have some serious concerns about this organization in that it may be used by those outside of our government who wish to implement policies that have not yet become U.S. official policy. Of course. I am referring to GEF's possible designation as a primary funding mechanism for the global climate control issue, and its newest incarnation which is the Kyoto Protocol, which, as you know, has not been ratified by the Senate. I am concerned that almost half of the GEF funding is channeled through nongovernment organizations that are strong advocates of the Kyoto Protocol. I am concerned that this flawed treaty fails to reduce greenhouse gases, very honestly, but just relocates them. As you have heard many times, it will have a devastating impact on the American economy.

Can you assure this committee that GEF will not be used to fund any activities under the Kyoto Protocol?

Secretary RUBIN. Two comments if I may, and then let me see if Bill would like to add anything.

The $192.5 million that you referred to last year was all for repayment of the arrears. If part of that amount is rescinded, then our arrears will increase by that amount.

On the question of Kyoto and climate control, GEF, as I understand it, has been involved with climate control but none of its activity has been affected by the Kyoto Protocol. At least that is my understanding.

Mr. SCHUERCH. The Climate Convention was passed in the Senate in 1992. So in terms of U.S. policy, activities under the Climate Convention are appropriate things for GEF to be doing, and they are funding those.

Kyoto has not passed, and in fact as we understand Kyoto, there are no additional types of new activities that GEF would be required to do under the Kyoto treaty. We had the head of GEF, an American, Mohammad T. El-Ashry, up to brief staff, and he made precisely the assurance that you have asked us to make, which is that they will not be funding new activities under the Kyoto treaty. They have no intention of doing so.

Mr. KNOLLENBERG. With respect to the announcement yesterday by the President, new initiatives, the concern about this debt relief for the heavily-indebted poor countries, one of the steps that I see

that is outlined here in this report indicates that under the innovative approaches, one such step would channel resources into environmental protection.

And again I raise the question because it is mentioned here. It is mentioned that there will be debt for nature swaps in particular, and I would like to have you comment further on these activities that are anticipated will be included in any activities in conjunction with the Kyoto Protocol, and anything at all that would have to do with implementation of the protocol relative to the debt for nature swaps. I am not real clear what that means. Maybe it is not understood just yet what the focus of that means, but if you would comment, please.

Secretary RUBIN. I can give you this response, and then we can ask Bill to expand on it. Having spent a lot of time working on developing this initiative, we can state that nobody in the course of that discussion ever mentioned the notion of using the debt for nature swaps as a way of implementing the not-yet-ratified Kyoto convention, but there are debt for nature swaps right now that operate in Latin America, if I remember correctly, and I think it is a very successful program. The idea is to relieve debt payments on the condition that the resource is used for various purposes, and one of them is various kinds of environmental purposes.

Mr. SCHUERCH. It is not just swaps in that program. The prior debt reduction activity, the major one produced by the last administration in Latin America, not from swaps but from buybacks and other activities, a set of local panels which then apply local currency that is generated from the debt reduction to conservation activities. They are types of activities like generating jobs in communities around national forests or tropical forests so people are less likely to cut down forests and things of that sort. None are oriented toward Kyoto treaty activities to my knowledge.

Mr. KNOLLENBERG. You understand my concern that once the money gets out of the hands of any kind of U.S. control, and it does, there may be little that you or anybody can do to curtail expenditures on behalf of a policy to advocate implementation. That is my real concern.

I understand that the intent is not there, but do we really have total scrutiny and oversight over what those monies are spent for? When they leave our hands and our control, how do we know that they are not being spent?

Secretary RUBIN. You always have that problem with any of the national financial institutions and even debt relief initiatives; but I think one thing that should give you some comfort is that these countries are involved on an ongoing basis with World Bank, the IMF, regional multilateral development banks, and if funds are improperly used, then that affects what they get going forward. And in most cases they have programs that are given out in tranches, so you have the subsequent tranches as your enforcement mechanism.

Mr. KNOLLENBERG. My time has expired, and I appreciate the response. Thank you.

Mr. CALLAHAN. We are going to continue to go down the line with Mr. Jackson next, but I want to tell you, Mr. Obey, this time-

table you put on us is helping things. Maybe at each meeting you can come in and tell me where you have to be in 30 minutes.

Mr. Jackson for 5 minutes.

Mr. JACKSON. Thank you, Mr. Chairman. And thank you, Mr. Secretary, for your testimony this morning. My questions center in the first round around multilateral development banks.

The African Development Bank has had management problems in the past, but I know under new leadership they have worked hard to make institutional reforms, reforms which have improved the overall health and the bottom line of the bank. I am happy to see that the President and you have responded to these reforms by including $5.1 million for fiscal year 2000, the first of 8 fiscal year installments.

Can you speak about some of the reforms at the bank, discuss the current health of the bank and talk about the dire need for these funds?

Secretary RUBIN. Let me ask Mr. Schuerch to do that. But let me start out with, first, noting the role the United States has played in turning the bank around. First we said we would discontinue funding the African Development Fund until its management got straightened out a little bit. We played a very active role. I met with the new president of the African Development Bank, and the U.S. played a very active role in the reform program for the bank and the fund.

I must say, having sat and talked with him and his staff when I was in Africa, I certainly came away with the feeling that they had a good sense of their mission and how they were going to try to implement their mission. So we have recommended substantial funding, and last year we got a good appropriation for the African Development Fund.

Mr. SCHUERCH. It is about 4 years ago now we went through the process. Funding was cut off for the bank. A new president was brought in. Activities were undertaken to strengthen their credit judgments so that countries that were able to repay received bank hard loans and not soft loans. And countries that were not able to pay received soft and not hard loans, which was part of the problem that was going on. So their risk judgments were improved substantially and put in line with those of the World Bank.

I would also say that a significant number, I think the number is in the range of 70, of the upper leadership of the bank were removed in the process under the new presidency and have been replaced. The quality of the staff is considerably improved.

In this latest round of negotiations, we have structured the capital increase for the bank in such a way that the contributing countries have a stronger presence and voting power, and there is a voting structure such that major decisions within the institution cannot go forward without at least two of the developing nation chairs in favor of them. I think that is a big improvement from where we were.

Also in the IDA 12 negotiations and the negotiations on the African Fund, we have pushed the two organizations together to develop a memorandum of understanding and a closer working relationship, and some staff programs where they work back and forth

between the institutions, so we are hoping that this will also make a big difference.

Mr. JACKSON. Thank you, Mr. Schuerch.

Mr. Secretary, the African Development Fund helps the poorest of poor countries. The fund has made some sound policy commitments under its Aid for Replenishment. Can you speak about some of the recent commitments that the U.S. has made with the AFDF and the results of these commitments?

Secretary RUBIN. The fund has made to specific African countries?

Mr. JACKSON. Yes.

Secretary RUBIN. Bill, do you know?

Mr. SCHUERCH. I don't think that I can go country by country and how much the lending program has been.

Mr. JACKSON. Maybe some of them.

Mr. SCHUERCH. In the process of the new program, I want to explain the change that is in your budget, if I can take this opportunity.

In the past replenishment, we had some one-time events. Italy was clearing up arrears. So there was a large payment.

There was also a cleaning up of the portfolio from past projects that people felt were no longer appropriate. That released a significant amount of resources. So while the budget has a significant increase for the fund, it is in the context of a lending program that continues on the course of the most recent lending program for the same poorest countries in the region.

Mr. JACKSON. Mr. Secretary——

Secretary RUBIN. I would also add if I may, Mr. Jackson, another thing that has been done, and I think very constructively, the donor countries have a larger role in the management of the bank, or rather in the control of the funds of the bank, which should help keep these institutions on the performance track that they are on.

Mr. JACKSON. Mr. Secretary, regarding the World Bank for just a moment, I am wondering does the U.S. use and insist its voice and vote to ensure that internationally recognized workers' rights are upheld, and are there any recent situations where the World Bank has disregarded the U.S.'s voice and vote and lent money to a country with questionable labor practices?

Secretary RUBIN. We have been very active in promoting core labor standards and in the 12th replenishment for IDA, which is the now pending replenishment, core labor standards have become one of the central factors in loan programs.

In addition, we have had the World Bank and the ILO, again in the 12th IDA replenishment, develop working relationships so they can better promote core labor standards. And I think it would be fair to say that the United States really has been by far and away the most forceful advocate with respect to core labor standards in the World Bank community.

Mr. JACKSON. Are you aware of any instances where the World Bank has ignored the voice and vote of the United States with respect to core labor standards?

Secretary RUBIN. I don't know of any, but there might be some. We can get back to you on that, Mr. Jackson.

[The information follows:]

CORE LABOR STANDARDS

The United States, though it is the largest shareholder, does not have sufficient votes to block a project on its own. Projects have been approved in which the U.S. abstained or voted no based on issues of core labor standards. However, the Bank and the other shareholders certainly took into account the U.S. position.

Under current legislation, Section 526 (e) of the Foreign Operations, Export Financing and Related Programs Appropriations Act for FY1995, the U.S. Executive Directors of the international financial institutions (IFIs) are directed to, among other things, use the voice and vote of the U.S. to urge the respective institution to adopt policies to encourage borrowing countries to guarantee internationally recognized worker rights and to include the status of such rights as an integral part of the institution's policy dialogue with each borrowing country.

Consistent with this mandate and reflecting the priority the Administration attaches to the issue of improved respect for worker rights, the U.S. has used a variety of means to press for greater IFI engagement on the issue. While there is still a substantial unfinished agenda in this area, significant progress has been made.

1. *Securing support from other shareholders on the issue of incorporating core labor standards into the programs and policies of the IFIs:* We are working with our G-7 partners and other like-minded countries to build up support for our position.

2. *Exerting leverage to incorporate core labor standards into the policies and guidelines of various World Bank (and other MDB) facilities:*

   - In this regard, we negotiated aggressively to secure policies at the Multilateral Investment Guarantee Agency (MIGA) and the International Finance Corporation (IFC) of the World Bank prohibiting the use of exploitative child labor and forced labor in projects supported by those institutions. The policies also impose on contractors legal obligations to comply with domestic legislation on core labor standards in their projects.

   - We recently secured similar policy and contract language at the Inter-American Investment Corporation (IIC) of the Inter-American Development Bank Group (IDB).

- Under the IDA-12 replenishment agreement, the World Bank will incorporate an analysis of core labor standards in the preparation of assistance strategies for borrowing countries. This work is being done in cooperation with the ILO.

- At the request of the U.S. Executive Director at the African Development Bank (AfDB), in July 1998 the AfDB formed a task force on core labor standards and the implications for the Bank Group's operations. In December 1998, AfDB Management approved a three-pronged program that calls for increased consultation and collaboration with the ILO regional office in Abidjan, greater engagement by AfDB with the World Bank, Organization for African Unity and the Southern Africa Development Community to promote core labor standards, and greater focus on core labor standards issues in development of Bank policy guidelines and the country strategy papers.

- The Deputies Report for the 8th replenishment of the African Development Fund (AfDF) calls for specific actions regarding advancement of labor issues, including calling on AfDF's human capital development to engage more substantively on labor issues; use of the country strategy paper process to focus on child labor practices and policies, and, increased consultations with relevant international organizations, such as the ILO.

- In an effort to institutionalize its approach to labor issues, the World Bank has created a Labor Markets Group within its larger unit that focuses on social protection issues. The Labor Markets Group has a multi-faceted work program, including:

- Working to promote greater understanding of labor issues within the Bank,

- Reviewing all country assistance strategy papers for any negative impact on core labor standards in the borrowing country, and

- Providing input in the project design phase of social protection loans to shape policy objectives and loan design.

3. *Exerting U.S. influence in individual projects to address labor rights concerns:* In this manner, a project of the Asian Development Bank (ADB) in the Philippines, approved despite U.S. abstention, incorporated instruction on hiring procedures to address U.S. concerns and a project in Thailand that raised potential forced labor issues, had that component of the project dropped.

4. *Actively promoting greater cooperation between the World Bank (and other IFIs) and the ILO:* For the first time, the ILO was invited to participate at the recent Development Committee and Interim Committee Meetings of the Bank and the IMF.

Secretary RUBIN. As you may well know, we have been very strong advocates with respect to core labor standards. There are many countries that don't share our views.

Mr. JACKSON. Thank you, Mr. Chairman.

Mr. CALLAHAN. Ms. Kilpatrick.

Ms. KILPATRICK. Thank you, Mr. Chairman, and thank you, Mr. Secretary.

I first want to say thank you for your staff, who spoke with me regarding the very complicated structure of debt and multilateral development banks and the like. I just want to say to Mr. Schuerch that I need at least two more of those sessions so I can speak more intelligently on it. Thank you for coming. And I am serious, I would like to follow up.

There have been some discussion about U.S. arrears to the U.N. and what might happen at the end of the year as a result of our failure to pay. How likely is that? Would you comment.

Secretary RUBIN. Well, the U.N. arrearage is something that the State Department deals with and not Treasury. I would repeat what Mrs. Lowey said. I think it is in our interest, our national security and our economic interests, and our general place in the world, that we pay our U.N. arrearages. To the best of my knowledge, we are the only major economy that is in arrears to the U.N., and that to me is a nonsensical position for us to be in just in terms of our own self-interest.

Ms. KILPATRICK. It is. As we discussed today, with both the multilateral arrangements that we have and the foreign impact that we make, it seems to me that we cannot even behold, unless we pay those.

Secretary RUBIN. Another problem that we have, and I have actually seen this in some of the activities that I have been involved in, how you handle yourself in each piece of the international——

Ms. KILPATRICK. It all fits. It is part of a major puzzle and any piece missing——

Secretary RUBIN. You are absolutely right. It affects how you are perceived with respect to the others.

Ms. KILPATRICK. On the issue of the gold that the IMF wants to sell, will we lose authority as we sell this gold? How are other countries impacted, the U.S. in particular, as we sell the gold?

Secretary RUBIN. Congress, as you know, has to approve that sale by the IMF.

Ms. KILPATRICK. What about autonomy? Will they be more autonomous or less after selling this gold?

Secretary RUBIN. That is an interesting question. I don't think that it will affect their autonomy. What it will do is take a certain amount of the gold—it is an asset with no income—and convert it into cash which is converted into some kind of a security, I presume triple A short-term debt security, which has an interest yield which can be used to help fund the HIPC initiative.

Ms. KILPATRICK. That is how IMF gets its money; it is backed by gold, is it not?

Secretary RUBIN. The gold is part of, if you will, the credit backing of the IMF which secures, for example, their obligations to the United States. But the value of the asset will not be diminished;

it will be changed on the balance sheet from gold to an interest-bearing security of some sort.

Ms. KILPATRICK. That is given to whomever we send it?

Secretary RUBIN. The interest-bearing security will sit on the balance sheet, and the interest that it pays will then be used to help fund the debt relief initiatives of the IMF, but there will be no change in the creditworthiness of the IMF because the asset is simply being changed from gold to what I presume will be a triple A interest-bearing security of some sort.

Ms. KILPATRICK. Should we be worried about whether the U.S. and other countries will have more or less control or will it stay the same?

Secretary RUBIN. It is a good question. The reallocation of the assets on the balance sheet should not affect our ability to influence the IMF.

Ms. KILPATRICK. The discussion about the $18 billion that finally was added to the IMF last year——

Secretary RUBIN. There, I think, had we not provided the $18 billion, we would have had an enormously diminished role in terms of our ability to influence the IMF.

Ms. KILPATRICK. You mentioned earlier concessional debt. How is a country eligible for that? What criteria is used?

Secretary RUBIN. The suggestion the President is making with the concessional debt—you mean bilateral concessional debt?

Ms. KILPATRICK. Yes.

Secretary RUBIN. Eligibility is predominantly based on poverty. The President suggested or has recommended in this new debt initiative that countries around the world do what the United States has been doing, which is to provide our aid predominantly in the form of grants, not concessional debt, so you don't build up the debt levels for countries who already have a difficult debt service problems.

Mr. SCHUERCH. This is one area where the United States distinguishes itself from some of the other countries in the debt programs. In 1985 there was a decision in the Congress to no longer make large amounts of AID loans or economic support fund loans such as had been provided in past years. So the U.S. stopped being a participant in increasing the amount of debt for the most part although there are still agriculture loans and some other programs.

So the U.S. has a very high grant element in its program. There is a loan program at AID now, and it is the housing program, but it is not one that goes to the poorest countries. It goes to a class of countries somewhat higher up.

Ms. KILPATRICK. As we move to grants instead of loans, are other countries following suit?

Secretary RUBIN. We actually, as Bill says, have moved to grants instead of loans, which is sound, so you don't have the debt burden. There are many other countries which give most of their aid in the form of loans, not grants, and in some countries those loans tend to be tied to trade requirements which we think is yet another less desirable way of providing assistance.

Ms. KILPATRICK. Thank you.

Secretary RUBIN. We would like to see the whole international system be predominantly grants.

Ms. KILPATRICK. Thank you, Mr. Chairman.

Mr. CALLAHAN. Mr. Sabo.

Mr. SABO. Thank you, Mr. Chairman, and I welcome the Secretary. It is good to see you again.

Secretary RUBIN. It is very good to see you.

Mr. SABO. Let me just express that I share your concern over what we are doing with callable capital. Clearly, in my judgment, it has to do some negative things for the international banks, and at the same time it doesn't do what we pretend that it is doing. We are proceeding under the assumption that we can't fund emergency bills, which I think we should be able to fund; but then we are saying that we are paying for them, but we really aren't, because we are not offsetting the actual outlays, which are what our budget limits are.

Mr. Chairman, if I might use your example, I think it is as if I signed a guarantee on a $100,000 mortgage for one of my kids and then decided that I wanted to buy a $30,000 car, and I would send a letter to the bank, saying "Sorry, I am cutting the guarantee to 70," and think that somehow that gave me $30,000 to spend, when in reality all I would have done is upset the guarantee, make the bank very uneasy over the loan to my kid, and not have $30,000 to go out and buy the car.

Mr. CALLAHAN. He has let facts stand in the way of his judgment.

Mr. SABO. I think that is what we are pretending we are doing here. We don't offset any outlays, but potentially create problems with guarantees. That to me is sort of the worst of all worlds. This whole world is new to me. This is the first time that I am on this subcommittee.

What is a relative amount of bad debt for international organizations? I have no sense what——

Secretary RUBIN. It is an interesting question. There are a lot of ways of approaching it. For example, my recollection is our publicly-held debt to GDP ratio is about 44 percent now. It was about 50 percent when the President was elected.

We can give you something in writing on this. It is a complicated question. Usually people measure the debt levels relative to export earnings.

Mr. SABO. I am thinking of the relative loans outstanding, say, from the World Bank. What is a ratio of loans that might be to countries where we are considering debt relief?

Secretary RUBIN. The ratio of loans—I am——

Mr. SCHUERCH. Let me try and answer that question.

If you look at the countries that are debt relief candidates, HIPC eligible or potentially eligible countries, most of them are IDA countries. In some cases we have countries that did borrow at one time from the hard loan windows and slipped back. But overwhelmingly, the countries have borrowed highly concessional lending from the soft loan windows.

Mr. SABO. Let me try to rephrase it.

Secretary RUBIN. I don't think that we have answered your question.

Mr. SABO. In loans outstanding by the World Bank?

Secretary RUBIN. What percentage would be relieved under HIPC?

Mr. SABO. What is the scope? What percentage?

Secretary RUBIN. I don't know the answer to that. You are saying what percentage of World Bank loans would be relieved under HIPC?

Mr. SABO. Yes; which are potentially troublesome and in need of relief.

Secretary RUBIN. It is a relatively small percentage, but what that percentage is, I don't know. We can get back to you on that. But it is a relatively small percentage of total loans.

Mr. SABO. What about unilateral loans which we may have outstanding in this country?

Secretary RUBIN. Our recommendation is that 100% of the ODA loans would be forgiven.

Mr. SABO. What are ODA?

Secretary RUBIN. Those are the loans which we were talking about before, concessional loans that are part of aid. We have already forgiven a lot of those loans. To the extent that ODA loans still exist, our suggestion is that they be fully forgiven for countries that are involved in effective reform programs.

Mr. SABO. So we have very little unilateral debt?

Secretary RUBIN. We also have nonconcessional debt. Do you know what the number is?

Mr. SCHUERCH. I believe the number is just under $2 billion for the HIPC 40 countries.

Secretary RUBIN. I think it is $1.9 billion for the 41 countries that meet the poverty test, and there are only 23 countries—we can get you those numbers.

Mr. CALLAHAN. I think it would be good to submit this to the committee for the record.

[The information follows:]

AMOUNT OF HIPC DEBT RELIEF

Question. How much IFI debt and USG debt is potentially going to be treated under the HIPC program?

Answer. Attached is a table showing total outstanding debt of all 41 heavily indebted poor countries. Under the current HIPC initiative prevailing at the time of this hearing, we estimate that $1 billion in debt owed to the USG by 23 countries would be forgiven and about $16 billion would be forgiven by all the IFIs. These figures are additional to the amounts already forgiven by the Paris Club under Naples Terms (67%) before HIPC forgiveness.

External Sovereign Debt Profile of 41 Potential HIPC Countries
($ Millions; end 1997)

Country	Total	Total L/T	Multilateral			Bilateral			Private		S/T	IMF	Debt/Social Indicators		
	1 (2+11+12)	2 (3+6+9+10)	Total 3 (4+5)	ODA 4	Commercial 5	Total 6 (7+8)	ODA 7	Commercial 8	Guarant. 9	Non-guar. 10	11	12	Debt/Exports/1	Debt/GNP/2	Per-Capita Income
Angola	10,160	8,885	234	168	66	2,658	2,062	596	5,994	0	1,275	132	165%	200%	340
Benin	1,624	1,393	871	852	19	519	413	106	3	0	136	0	116%	33%	380
Bolivia	5,248	4,570	2,681	1,685	996	1,421	1,280	141	42	426	430	41	225%	42%	950
Burkina Faso	1,297	1,139	1,003	953	50	132	124	8	4	0	66	28	164%	30%	240
Burundi	1,066	1,022	872	840	32	149	149	0	1	0	16	65	548%	58%	180
Cameroon	9,293	7,886	1,465	735	730	5,644	3,220	2,424	580	198	1,314	0	315%	93%	650
Central African Republic	885	804	607	593	14	183	134	49	14	0	63	61	244%	53%	320
Chad	1,027	939	749	710	39	173	94	79	17	0	26	0	196%	35%	240
Congo, Dem. Rep.	12,330	8,617	2,179	1,537	642	5,604	1,566	4,038	834	0	3,306	34	783%	215%	110
Congo, Rep.	5,071	4,284	619	239	380	2,832	1,615	1,217	832	0	754	450	249%	247%	660
Cote d'Ivoire	15,609	12,498	3,301	1,431	1,870	4,605	3,076	1,529	2,521	2,071	2,661	5	262%	138%	690
Equatorial Guinea	283	209	94	84	10	101	55	46	14	0	61	0	52%	46%	1,050
Ethiopia	10,079	9,427	2,459	2,233	226	6,613	6,400	213	354	0	565	10	791%	131%	110
Ghana	5,982	4,958	3,179	2,960	219	1,075	1,015	60	437	267	677	0	229%	58%	370
Guinea	3,529	3,008	1,557	1,301	256	1,380	1,183	197	72	0	413	12	330%	67%	570
Guinea-Bissau	921	838	387	372	15	451	294	157	1	0	71	157	1136%	253%	240
Guyana	1,611	1,345	666	574	92	623	335	288	56	0	109	43	130%	145%	800
Honduras	4,698	4,170	2,303	1,307	996	1,368	980	388	240	259	482	664	157%	83%	700
Kenya	6,486	5,433	2,785	2,382	403	1,860	1,345	515	463	325	803	165	161%	49%	330
Lao PDR	2,320	2,247	816	816	0	1,431	1,427	4	0	0	7	28	217%	53%	400
Liberia	2,012	1,061	405	197	208	465	388	77	192	0	646	88			
Madagascar	4,105	3,871	1,661	1,560	101	2,166	1,119	1,047	45	0	164	106	370%	85%	250
Malawi	2,206	2,073	1,791	1,702	89	261	245	16	21	0	27	0	182%	46%	220

Country	Total	Total L/T	Multilateral			Bilateral			Private		S/T	IMF	Debt/Social Indicators		
	1 (2+11+12)	2 (3+6+9+10)	Total 3 (4+5)	ODA 4	Commercial 5	Total 6 (7+8)	ODA 7	Commercial 8	Guarant. 9	Non-guar. 10	11	12	Debt/Exports/1	Debt/GNP/2	Per-Capita Income
Mali	2,945	2,687	1,453	1,424	29	1,234	1,197	37	0	0	83	113	166%	50%	260
Mauritania	2,453	2,037	938	774	164	1,075	924	151	24	0	304	233	399%	169%	450
Mozambique	5,991	5,475	1,626	1,533	93	3,786	1,852	1,934	18	45	327	0	588%	128%	90
Myanmar	5,074	4,640	1,171	1,170	1	3,017	2,920	97	452	0	434	30	289%		
Nicaragua	5,677	4,819	1,571	1,307	264	2,854	1,202	1,652	394	0	832	61	441%	244%	410
Niger	1,579	1,427	881	843	38	450	214	236	0	96	92	0	329%	56%	200
Rwanda	1,111	994	850	850	0	142	136	6	1	0	77	0	373%	33%	210
Sao Tome and Principe	261	227	156	155	1	71	68	3	0	0	34	292	1146%	382%	270
Senegal	3,671	3,165	1,803	1,604	199	1,297	791	506	10	55	213	167	141%	52%	550
Sierra Leone	1,149	893	494	475	19	393	258	135	6	0	89	0	778%	89%	
Somalia	2,561	1,853	723	706	17	1,095	797	298	34	0	558	433			
Sudan	16,326	9,494	2,001	1,798	203	5,521	2,838	2,683	1,477	496	6,035	30	1358%	170%	280
Tanzania	7,177	6,094	2,939	2,813	126	2,866	2,278	588	248	41	837	88	427%	72%	210
Togo	1,339	1,207	717	703	14	491	252	239	0	0	44	0	124%	58%	330
Uganda	3,708	3,202	2,399	2,331	68	727	619	108	76	0	112	0	239%	31%	330
Vietnam	21,629	18,839	828	819	9	13,274	2,390	10,884	4,737	0	2,338	250	168%	81%	320
Yemen, Rep.	3,856	3,418	1,390	1,331	59	1,191	1,080	111	837	0	188	1,138	75%	56%	270
Zambia	6,758	5,246	2,227	1,989	238	2,864	1,808	1,056	143	13	374	385	374%	138%	380
Total/3	201,098	166,394	56,854	47,860	9,000	84,062	50,143	33,919	21,194	4,292	37,043	5,309			

Notes

--Source: World Bank 1997 preliminary data.
--Components of total and total l/t debt may not add up due to data discrepancies.
--Debt ratios may be at variance with figures in earlier tables that were estimated with 1994-6 data.
--Blank spaces indicate data is not available

Footnotes

1. Derived from 1997 PV of debt and exports.
2. Derived from 1997 PV of debt and GNP.

Mr. SABO. I thank you.

Secretary RUBIN. But again it would be a relatively small percentage of the total bilateral debt we have outstanding.

Mr. CALLAHAN. Mr. Obey.

Mr. OBEY. Mr. Secretary, let me say I want to thank you for your service to this country. I really do believe that you are the best Secretary of the Treasury that I have dealt with in the 30 years that I have been in the Congress.

Secretary RUBIN. Thank you.

Mr. OBEY. I am a little concerned about the fellow sitting next to you. I think he has somehow wound up on the wrong side of the table. Are you sure you are not supposed to be back up here, Bill?

Secretary RUBIN. I think he feels that he has descended since he left working with you, Mr. Obey.

Mr. OBEY. Lucky to escape, probably. I would like to talk about your debt forgiveness proposal for a moment. I know that this is different because we are talking about official debt here versus commercial debt that I am going to refer to, but there is a linkage.

Back a number of years ago after the Iron Curtain fell, we had a very large question as to whether or not Eastern European countries that were trying to move away from the Soviet sphere would be able to survive or not. And to facilitate that survival, this committee on a bipartisan basis made clear to the administration that we would be highly reluctant to fund the European Development Bank unless there was a significant amount of commercial debt relief for Poland. I don't remember how much debt relief that was.

Bill may remember. Do you, Bill?

Mr. SCHUERCH. I am not sure that I remember the gross quantity. A $5 billion number I think represents the 50 percent reduction that occurred on the private side, so the $10 billion I think is the total commercial side of that transaction.

Mr. OBEY. I would simply ask this: What chance would Poland have had to really develop its economy and get ahead of the curve if the West had not engaged in that debt reduction?

Mr. SCHUERCH. I think the main point in the case of Poland—and I would say the HIPC program is in some case modeled after the Poland experience—is that reform was required of the country as they got debt relief in a tranched process. So final and full debt relief for the percentages that were envisioned occurred at the end of the process, but there was some relief as it went along. But what was important was the commitment was made at the start.

The other thing in the case of Poland was clearly political leadership and commitment to the economic reform process were critical. The time frame was critical for holding, I think, Polish political commitment to the reform process during the period as well.

I don't know that I can judge, you know, what part of that was the most critical element. Clearly there are other things in Poland, but the developed world made a very substantial effort for Poland.

Mr. OBEY. Mr. Balcerowicz, their Finance Minister, told me last year that had it not been for that action by the West, he did not think that their movement toward economic reform would have succeeded. I think he is right.

Let me just ask two other questions. We have seen stories in the newspaper about the way in which employees of the World Bank

and the IMF use the visa system for domestic workers from other countries so they can obtain people to work in their homes. Both institutions, I understand it, have specific guidelines on wage rates, insurance, and payment of taxes, but there is also little or no monitoring. There have been very many allegations of abuses.

Mr. Secretary, what is your assessment of the problem in these institutions? Do you agree that a program ought to be initiated which informs domestic workers of their rights and which requires bank and fund employees to document contracts, Federal tax forms and truthful wages paid?

Secretary RUBIN. Mr. Obey, that is a set of problems that we saw for the first time in the press. We have been very much focused on it and we have said to these institutions they need to put in place programs which prevent this from happening in the future. Whether those are the specific components that the program should have, I don't know. But after listening to you, those sound like programs that would make sense.

But whether that should be the content or not, I don't have a view. Bill?

Mr. SCHUERCH. The State Department is working on this issue. It is the G–5 visa program that is in question here and there is a task force at the Justice Department on worker exploitation. So the institutions have been fully cooperative and have reacted strongly as well, and we are working toward strengthening their programs to make sure that this doesn't happen again.

Mr. OBEY. I just think that there is a time factor associated with this problem, and I would urge you to be very aggressive. I don't think the State Department, left to its own devices, will be aggressive enough.

Secretary RUBIN. I recall, talking with one of the senior people at the World Bank, who said this is much more of a problem for them than anyone else because it affects how they are perceived. He is onto the notion that this can adversely affect them.

Mr. OBEY. I don't want to get into the argument of callable capital. I agree with much of what Mr. Sabo just said. But let me ask you—you have been quite clear in your statements that this could have a deleterious effect on the confidence that investors have in those banks. I would like to ask you two questions. First of all, to the best of your knowledge, has the Congress ever engaged in any such action in the past?

Secondly, I understand what the concerns are on the part of investors. But can you bring that home to us and tell us what negative impacts it can have on our own economy if something like this is read in the wrong way by people who care about such things in the world economy?

Secretary RUBIN. I will take the questions in the order you asked them. The only Congressional Action that I know of that is in the same area but it is not analogous to this was in 1994, but in that instance capital, if I recollect correctly, had not yet been obligated. So that instance is not comparable to the rescission that has been proposed here.

On the second question, as we have dealt with the world financial crisis and as we have dealt more generally with the question of promoting growth in developing countries which is very much in

our economic interest, all of our work centers around the multilateral development banks and the IMF. I think it would be enormously against the interest of the United States to see these banks have their cost of money meaningfully increased, which then would reduce the resources which could be expended for the purposes they expend them.

Secondly, I do think at this very sensitive time in the global financial markets, anything that looks like America pulling back, anything that looks like an American withdrawal from full leadership engagement in the problems of the global financial markets can adversely affect confidence.

And in trying to work our way through this period, and there is a tremendous amount of work that needs to be done, anything that adversely affects confidence is against our economic interests. And anything that we do that looks like a withdrawal can have a meaningful effect on confidence.

Mr. OBEY. If that erosion of confidence occurs, what negative impacts does that have for us and our ability to export our products and preserve economic health in this country?

Secretary RUBIN. In 1997 just before the crisis, about 43 percent of our exports were going to developing countries. Since then, as you know, coming from an agricultural State, exports in certain sectors have been very much adversely affected; and the Chairman, I think, had a lumber company affected by this, too, by the contractions in the economies in Asia and contractions elsewhere in the world in developing economies.

So far the economy overall has withstood this remarkably well, but I do think that not only do we have the existing problem of sectorial effects, but this crisis has created a risk for our overall economy. I think as a consequence some industries, of course, have been affected by large increases in imports which come from the fact that other parts of the world are now experiencing either negative growth or less strong positive growth and so are importing less.

Taken altogether, any erosion of confidence creates an additional risk for our economic well-being, growth for the jobs, financial living and the rest, and even if our economy is healthy, it certainly adversely affects some sectors.

Mr. OBEY. Thank you, Mr. Chairman.

Mr. CALLAHAN. Mr. Wolf.

Mr. WOLF. Thank you. Mr. Secretary. I apologize, I was in another hearing.

I wanted to ask you just one question. There was a New York Times article of February 11 that said, "In a blistering evaluation of its own operations in Indonesia, the World Bank concludes that its officials turned a blind eye to corruption, growing repression, and a collapsing financial system in the final years of President Soeharto's 33-year rule," and then it goes on.

What lessons did we learn, particularly with regard to China? We never hear any expression of concern from the administration or from the World Bank with regard to China. We have had reports—China is one of the largest borrowers from the World Bank—of slave labor camps actually getting loans because they are

part of companies. Do you feel that the administration should say something? What did you learn from the Indonesia one?

Secretary RUBIN. That is a good question. Indonesia is one of the more interesting cases in this whole financial crisis. I think it was clear going into the Indonesia situation, Mr. Wolf, whether or not this program would be successful was going to be a function of what happened politically in Indonesia. And it was widely recognized that there was a real risk, given the various aspects of the Soeharto regime, that the politics might not work to put in place a really effective regime.

I think as you come out of the Indonesian situation, it reinforces the realization that corruption is a major impediment to economic development. One of the leading figures in the international arena with respect to this question of developing countries was quoted the other day that, quote, "Corruption is probably the single largest impediment now to economic development in developing countries in many parts of the world," and I think that is right.

One consequence of that experience is there is heightened focus, and I think rightly so, in the World Bank on corruption as a factor with respect to lending. And the President, when he announced our new debt relief initiative yesterday, has embedded in there corruption as one of the criteria that would be considered with respect to debt relief.

That is Indonesia. It sort of reinforces the kinds of concerns that people have had all along about corruption and its effect on government.

In China, I believe they will no longer be eligible for IDA loans after July of 1999, which is a few months from now. In terms of expressions by the administration, it is true that we have felt that a positive engagement is the policy that best serves the multitude of concerns we have with regard to China. It is also true that there have been many very vigorous comments by the President about national security and human rights and other matters with respect to China.

Mr. WOLF. Conditions since the President returned have actually gotten worse both for the Buddhists in Tibet, the slave labor camps and for the other people. There have been some good words out of the administration, but I think it is more than just words; it is also deeds. Anyway, I just think it would be healthy. And some in the administration may feel a little funny after they leave, looking back on this chapter, that they were silent.

I think when China falls, and I think it will in our time, as they go into records to see what was done and the forced abortion and the persecution, I think many people in government—and I may very well be wrong—are going to be feeling very guilty and very unclean for their lack of speaking out.

I just think that sometimes you speak out and it helps and sometimes it doesn't, but at least you speak out. And today we are not really having any effective speaking out on the part of the administration that is credible in China with the dissidents or credible with regard to the dissidents in Tibet, if you want to call them that. Thank you very much.

Secretary RUBIN. We have used our voice and vote against credits extended in the multilateral development banks except for basic human needs, but it is a complex subject. I would agree with that.

Mr. CALLAHAN. Mr. Porter.

Mr. PORTER. Thank you, Mr. Chairman, and I appreciate your recognizing me. I have been across the hallway with my own hearing and, Mr. Secretary, I apologize for being late.

Let me read you a statement and then you comment on it, if you will:

President James Wolfensohn pledged at the 1997 Earth Summit II to calculate greenhouse gas emissions associated with World Bank projects. However, to date less than 10 percent of all World Bank projects are being calculated for impact on the climate. Since the 1992 Earth Summit, the World Bank has spent 25 times more in climate changing fossil fuels than on renewables. Fossil fuel projects the World Bank has financed will, over the next 20 to 50 years, add carbon dioxide emissions to the Earth's atmosphere equivalent to 1.3 times the total amount emitted by all of the world's countries in 1995. While the U.N. continues to push the Kyoto Protocol to control greenhouse gas emissions, the World Bank appears to be doing nothing. In addition to financing dirty projects, the World Bank is helping open up some of the world's richest untapped oil and gas fields in regions ruled by dictators, while ignoring renewable energy opportunities that others are seeking out.

What do you think about that statement?

Secretary RUBIN. Let me give you my response, and ask Mr. Schuerch if he would also comment.

The World Bank is predominantly focused on poverty reduction, but there has been an enormous increase in environmental focus there as well. We have recently established an office under Bill Schuerch with respect to environmental review, and we now have 3 people in Treasury who specialize on environmental review of multilateral development banks and IMF programs.

Mr. Knollenberg made the point that Kyoto has not been approved, but even without approval of Kyoto, that is a 300 percent interest in environemntalists. We had zero. We are very focused on global climate change. In terms of the World Bank and its focus on global climate change, let me ask Mr. Schuerch to comment.

Mr. SCHUERCH. Let me say in being focused on poverty reduction, the World Bank has a substantial conflict, if you will, in recognizing where you strike the balance between environmental issues and poverty reduction. This institution was created, focused on poverty reduction particularly in the poorest countries. But, when you come to energy projects, you get into a whole range of questions. The bank does lending in energy projects, but it does it in a way that is aimed at influencing the activities so they become lesser emitters of greenhouse gases.

Now, it is a marginal benefit, if you will, if you put up a plant that emits gases less than otherwise would have happened, but it is a gain. But all of the emissions out of that plant are scored negatively as greenhouse gas emissions created by a World Bank loan.

There is a balance here. The bank is dedicated to energy efficiency, and we have a set of policies that we are pushing related

to new technologies and improved tracking. But the gross measure of greenhouse gas emissions, I think will continue to show a net increase in greenhouse gas emissions overall, albeit the Bank would argue significantly less than otherwise would be occurring.

Mr. PORTER. Do you think that the United States has a responsibility through its representative to push the environmental side of their responsibilities as well as the poverty fighting side?

Secretary RUBIN. A, I do; and, B, I think we do. And as I said a moment ago, to more effectively do that, we have now created an office in the part of Treasury that deals with development banks, so we can more effectively evaluate that effort. But in answer to your question, yes.

Mr. PORTER. Bill, it is good to see you. Bill was a very valued member of the staff for this subcommittee, and it is good to see you in this position.

Mr. Secretary, as I understand it, you are proposing to pay down $168.4 million of our arrearage to the multilateral development banks, and the arrearage is about $1.39 billion. Are those the right figures?

Secretary RUBIN. No. The arrearage right now is $310 million—it was $900 million and it is now $310. If we pay this down with the amount requested for arranges in the FY 2000 Budget, which is $168.38, it will leave us with a balance of $141.90 in arrearages.

Mr. PORTER. This includes U.N. money?

Secretary RUBIN. I am excluding U.N. money.

Mr. PORTER. What if you include U.N. money?

Secretary RUBIN. That is State Department. I don't know the answer to that, Mr. Porter. But with respect to multilateral development banks——

Mr. PORTER. We would be able to make about 50 percent of the way to getting this thing paid up?

Secretary RUBIN. A little over 50 percent.

Mr. PORTER. That is the best we can do?

Secretary RUBIN. We would be happy to take more. We obviously would like to get the whole thing wrapped up. The subcommittee has done a very good job. We had a 3-year program. I think we were $900 million in arrears at our high point, not counting the IDA 11 problem.

Mr. PORTER. What are the arrearages that the United States run, say, to the rest of the world and how does that affect our credibility in these institutions?

Secretary RUBIN. I think when our arrearages were substantially higher, we were rightly concerned about the possibility that our influence would be substantially diminished.

I think the program that this subcommittee has worked with us on has really preserved this influence, and I think if we get the appropriation that we have requested this year leaving a balance of $141 million, we will have done what you have suggested, which is preserve our ability to affect the overall direction of these institutions.

Mr. CALLAHAN. We are going to have to start the second round.

Mr. PORTER. How does it feel to be Secretary of Treasury with the strongest expanding economy in American history?

Secretary RUBIN. Well, it has pluses and minus, but on balance it is plus.

Mr. CALLAHAN. It probably feels the same way that it feels to be a Member of Congress who caused this economic expansion.

Secretary RUBIN. That was an unfortunate title for that article.

Mr. CALLAHAN. I am going to ask that you promptly get the responses back to questions because some of them will involve the supplemental, so get them back as quickly as you can.

We had a lot of discussion this morning about the African Development Bank and the HIPC fund. Isn't part of the HIPC money proposed to assist the African Development Bank?

Secretary RUBIN. Yes.

Mr. CALLAHAN. Why didn't you ask for all of it in HIPC?

Secretary RUBIN. There are two different things. One is the replenishment—there is a small amount of money for the African Development Bank and a larger amount for the African Development Fund.

There is a separate question, which is resources for debt relief in the African Development group, if you will, and that money goes into a trust fund at the World Bank which will then provide the money to the African Development Fund. But the ultimate benefit—althouth I see your point—of HIPC Trust Fund support for the African Development group will accrue to the countries.

Mr. CALLAHAN. What countries? That is the next question. What countries will be eligible for loans?

Secretary RUBIN. Uganda would be an example. You mean for debt relief? Uganda, Mozambique? You are talking about the HIPC money?

Mr. CALLAHAN. No, the African Development Bank money. If we give you the $5.1 million—which African countries could benefit from it?

Secretary RUBIN. Do you have that list? I think there are 3 different pieces of money. One is the $5.1 million for the Bank which would be used for "hard money" loans. So that would have to be used for countries with relatively good credit. Those would not be HIPC-eligible countries.

Mr. CALLAHAN. Other than Morocco, Egypt and Botswana, who would benefit? South Africa is not interested.

Secretary RUBIN. Bill has a list of the hard dollar borrowers. Botswana, Swaziland, Namibia. You are talking about the $5.1 million. Seychelles and Gabon.

But none of those are countries which would be involved in the HIPC debt relief program. So those are two unrelated subjects.

Mr. CALLAHAN. On the selling of gold, there were some who argued last year that we should have done that in order to make certain that the necessary monies were there for the International Monetary Fund to provide assistance to the Far East. The administration argued against that. Now you are coming back and saying we ought to sell the gold.

Secretary RUBIN. I think——

Mr. CALLAHAN. Or swap it for interest-bearing bonds.

Secretary RUBIN. There were some who felt that the gold should be sold and those resources should be used to provide loans to

countries that were troubled. That would have diminished the asset base of the IMF and its creditworthiness.

Mr. CALLAHAN. The asset base of the IMF is not diminished by advancing money to a country that is supposed to pay it back. That becomes an asset.

Secretary RUBIN. Well, yes, it does. And as you know, the IMF has a very good record in the payment of its loans. But loans are a lower-quality asset than gold. A loan to Thailand in trouble is a lower-quality asset.

Mr. CALLAHAN. What do these experts in the world market say about the IMF selling this solid asset of gold in exchange for some bonds? Do they say it is an even swap?

Secretary RUBIN. I think if you sell gold and are going to buy Treasury bills that are backed by the full faith and credit of the United States Government——

Mr. CALLAHAN. The full faith and credit of the United States Government, you just said that it was not that good in the foreign market.

Secretary RUBIN. No, in terms of backing our debt, particularly since we continued to pay our debts through the 1995 debt limit crisis, I think we have preserved the integrity of the United States Government with respect to Treasury bills and those kinds of obligations. I think in relation to our support for international institutions there is somewhat more concern, perhaps. My view is if you took gold and swapped it with Treasury bills, there is no market risk because they are short term. I don't think that would affect the perceived creditworthiness of the IMF.

Mr. CALLAHAN. Is the gold there at the cost of the gold or does it fluctuate? Does the asset value fluctuate with the cost of the gold?

Mr. SCHUERCH. $42.20.

Mr. CALLAHAN. So the gold is carried at $42 an ounce, and it is selling for $285–300 an ounce now. At one time it was $800 an ounce.

Secretary RUBIN. It has come down some.

Mr. CALLAHAN. It would appear to me that an investment banker probably would suggest to his client that someday he sell an asset that went from $32 and put it in Treasury bonds. Shouldn't that have been done long ago?

Secretary RUBIN. My view, just as a personal view, I think they would be wise to take a certain amount of their gold and put it into interest-bearing securities.

Now, the negative of that approach and the reason some people opposed it, as I say, is that gold has a certain symbolic value or intangible value with respect to how creditors perceive the IMF, and you might be sacrificing some of that intangible value.

My guess is that you could do it up to a point. Beyond a point you might affect perceptions; I don't know.

Mr. CALLAHAN. You mentioned earlier that you were concerned about the trend of us going into the callable capital account and that this would be an indication that there is an availability of money that we could use to rescind in some future time?

Secretary RUBIN. Correct.

Mr. CALLAHAN. What if the International Monetary Fund comes back, and they are not going to come back for additional capital, why wouldn't the Congress say, Sell some of your gold at a profit from $32 an ounce to $285 an ounce and make up your capital needs from that asset?

Secretary RUBIN. In my view, Mr. Chairman, and a few years from now somebody else will be warning about that, but when we look at the IMF——

Mr. CALLAHAN. Do you mean that I might not be here?

Secretary RUBIN. No, you will be here forever, and somewhat longer. But when we look at the IMF and make judgments about whether their obligations to us are good, we know where gold is traded. We value it at market.

This is not unlike a lot of institutions that carry things at cost, but when creditors look at assets they mark up the balance sheets for the difference between cost and market. And I think the problem with what you suggested is that though some may suggest it, it would in fact be diminishing the actual creditworthiness of the institution.

Mr. CALLAHAN. We have talked about debt forgiveness and I talked earlier about my concerns: Why are we going to pay off their debts so they can just borrow more money. Japan, I understand, puts contingencies on debt forgiveness to countries, puts constraints on the country against borrowing, and I just wonder why we don't. Nancy touched on it. If we are going to forgive debts and enable countries to borrow new money, why don't we put some constraints on what they can borrow the money for?

Secretary RUBIN. Well, what we do with our debt relief, I think is along the lines that you are talking about. I am not sure, Mr. Chairman, if I fully understand your point correctly but I think I agree with it. What we don't want to do is provide debt relief for a country that is not committed to reform, because then we have the problem of the debt relief—the resources—being wasted.

Mr. CALLAHAN. That is my point.

Secretary RUBIN. We agree with that.

Mr. CALLAHAN. If we are just going to position the countries to go and borrow more money to spend in such a manner that the debt originally was, the money they spent for the most part was wasted or put in some foreign bank by some corrupt official or either used for a project that, because of kickbacks and payoffs, you had low-quality material going to bridges and roads that can't be used today. So we are going to forgive the sins of the past and wipe your slate clean and we are going to permit you to borrow more money because you don't owe money? What is the protection against that?

Secretary RUBIN. The concern that you have expressed is one that we very much share. Number one, debt relief under our existing programs and under the President's proposal would only go to countries that are committed to strong reform programs. Your correct question is, once they say that they are committed, how do we know that they are going to do what they say?

The way that the HIPC program works is the country makes a commitment and, at least as currently structured, it has to have a 6-year track record of reform before a closing and reduction in

the stock of debt. Our view is that they should get interim relief during that period, but if they don't continue to perform, that interim relief stops and their stock of debt is not reduced.

Secondly, I don't think that there should be total debt reduction because I think it is very dangerous to have borrowers feel they can borrow and not have to pay back anything. So I think we keep a certain discipline by saying we should have very substantial debt reduction in the case of these highly indebted countries, but not total debt reduction. So I think those are the two ways that we try to address this problem.

Mr. CALLAHAN. I am going to ask one more question and then submit the rest of them and move to the second round.

There was a lot of discussion this morning about the callable capital, and I know that Mr. Obey is concerned about it. The President is also concerned about the $900-plus million for aid to Central America, as many of us are. And we want to facilitate the President. Are you going to recommend to the President that he veto this bill if we leave the callable capital in?

Secretary RUBIN. He has sent a letter saying that if the bill has four offsets cited in the letter, he would veto the bill. That is his letter. I believe if the callable capital is in the offset, he should veto the bill.

Mr. CALLAHAN. If we do not do that, then we are not going to be able to get the money for the disaster aid in a reasonable amount of time?

Secretary RUBIN. I think the question then will be, Mr. Callahan—my own view is that I think the disaster aid should be done as emergency legislation—but if we are going to have to offset it, I think the question is how does this get offset? And that is something that the administration and the Congress have to work on. But if you ask me would I recommend a veto if the callable capital is in the offsets, yes.

Mr. CALLAHAN. The emergency appropriation request also comes with an urgency that they need the money right away to begin the reconstruction and to help the people who are in such dire need. If indeed the President is going to veto this thing next week——

Secretary RUBIN. I didn't say that he would veto it. We think that the supplemental should be done on an emergency basis.

Mr. CALLAHAN. What you are doing is saying that you are more concerned about what actuaries in these foreign countries that keep the tabs on the assets and liabilities of these foreign banks, that indeed we are more concerned with what they are going to say or think, rather than whether or not we are going to get assistance to these people who need the assistance so badly in Central America?

Secretary RUBIN. It is our view, Mr. Chairman, that we can in the final analysis work with Congress, whether in the conference context or some other context—although we don't believe that the emergency assistance should have to be offset—to come up with appropriate offsets.

Mr. CALLAHAN. I would agree that the budget resolution indicated there was no need for a budget offset, but in order to pass any bill through the Congress, you have to have a majority of the votes, and the leadership on our side has instructed us to find off-

sets. We have come up with this offset. Indeed if the administration feels is not the right offset, well then where out of Treasury do you want me to take this money or where out of the State Department do you want me to take this money?

Secretary RUBIN. I am not sure, Mr. Chairman. Let me defer that question for the moment, because I am not sure that our view quite relates to the framing that you just presented. We will work with the Congress, we being the administration, to find offsets.

Mr. CALLAHAN. There is a problem here. We do not have sufficient support within our conference, as far as I know, to pass the bill. Maybe we could do it if all Democrats voted yes, but with the callable capital in there—we don't have a sufficient number of votes of a majority of our conference, because they want offsets also for the military portion to come from some area other than the military.

So we have problems with these offsets, and we are faced with this reality, and we can argue about it for 5 or 6 months, but in the meantime we are not going to have the money to provide assistance to these people in Central America?

Secretary RUBIN. Since we feel very strongly about the assistance, I guess it would be our hope that it could be worked through far more expeditiously without having to use offsets, at least offsets that we think create the kinds of problems that these offsets create.

Mr. CALLAHAN. I don't think you are going to see a supplemental bill come through this Congress or survive conference that is not going to have offsets.

Secretary RUBIN. I agree with that based on everything that I have heard. The question is, given that we are going to have to have offsets, what are the offsets that create the least damage?

Mr. CALLAHAN. We figured this offset created the least damage.

Secretary RUBIN. We may have some other ideas.

Mr. CALLAHAN. Ms. Pelosi.

Ms. PELOSI. Thank you very much, Mr. Chairman. I have a number of questions and I am going to try to boil them down.

The offsets, I think that the Appropriations Committee is making policy by requiring these offsets because it is saying that the issue of an emergency is moot. The idea that an emergency does not need to be offset is in the budget agreement. If this does not qualify as an emergency with thousands of people killed, millions homeless, economies wiped out, people impoverished with no prospects, then there is no emergency. This is the worst natural disaster in our hemisphere in anyone's memory.

So I think that a step is being taken here that should render moot any further discussion of not offsetting anything. It amazes me that the defense spending in the bill is not offset. That is an emergency, and our service people performed beautifully down there. We are so proud of them and their contribution should not be offset, nor should the contributions of any of the other U.S. agencies or the alleviation.

Secretary RUBIN. I totally agree with you. My discussion with the Chairman had to do with whether we have to have offsets. It is our view that we shouldn't have offsets. What the Chairman said, is that there is no indication that it can be done without offsets.

Ms. PELOSI. I understand that. I was addressing my Chairman's comments.

Secondly, on the question of debt relief, we are all talking about corruption and what leaders are stowing money in foreign banks. I think we have to take ourself to a place called alleviation of poverty and grow from there as to what the best policy would be—to alleviate poverty by some assistance, by stimulating the economy to take advantage of market opportunities, by having economic reforms. But every time we come from above, we end up with debt relief related to structural reforms that exacerbate the poverty in these countries, and the people at the low end pay the price, whether it is IMF reform, debt forgiveness, all along the way.

So I hope that we will have provisos about how the money is spent, but that we do it in furtherance of the goal of alleviating poverty. If you want to talk about Chile or any other success stories, we always end up with people at the low end of the economic scale paying a big part of that price.

Secretary RUBIN. We agree with your focus on poverty remediation.

Ms. PELOSI. On environment, I am proud of the Pelosi amendment and I am pleased that you have 3 people at the Treasury Department, and I am glad that Bill Schuerch is overseeing the multilateral development banks, et cetera.

I have a question about the IFC. The Fiscal year 1998 Foreign Ops bill extended the coverage of the Pelosi amendment to the IFC. Is the IFC complying, and if not why not, and what is the Treasury doing?

Mr. SCHUERCH. The brief answer is that we do not yet have IFC in full compliance. IFC has many of its projects within the 120 days, but they do not have a policy that says 120 days. They have a lesser policy of 60 days. We usually have our best opportunity to achieve process through leverage, quite honestly, in negotiations on capital increases, and the IFC has been in a situation where we have not had that opportunity.

We have been using our voice and vote repeatedly in the IFC in every instance. I don't think that we have missed a one when the project has not met the 120-day rule. There also is an issue, of course, related to projects that are not the most environmentally sensitive, and timing on those as well.

We continue to work on the IFC and also at the Multilateral Investment Guarantee Agency. But as yet the effort is not fully successful. I would have to be honest and tell you no other government is supporting the United States in this effort.

Ms. PELOSI. That is what is known as leadership. Just because other countries are not concerned about the environment and economic investments and support for those projects doesn't mean that the U.S. should not be taking the lead. Indeed, we should be using our own leverage to protect the environment, because we are not doing any favors to these countries by helping them degrade their environments when there is a price for us all to pay. And I know that you are committed to that. I am just saying that falls on deaf ears to me. We have to exert more leadership.

I just want to make a comment on the GEF because I think it is a very important initiative, and with or without Kyoto—and I

wish I was here when Mr. Knollenberg was here when he was tying it to Kyoto. The GEF's organized purpose is to mitigate specific environmental problems in specific countries. GEF cleans water, purifies air, and creates cleaner resources for energy. Whether or not the Kyoto meeting ever took place, whether or not that treaty is ever ratified, GEF has a purpose that must be funded, and I appreciate your commitment to that.

Can you tell me, Mr. Secretary, about the World Bank's Inspection Panel? Many environmental and human rights NGOs are concerned that the changes being recommended by a working group would seriously undermine the panel's effectiveness and credibility. Senator Leahy, Congressman Barney Frank, and I just sent a letter to President Wolfensohn expressing concerns about some of these changes. What is the Treasury's view on the panel and the proposed changes?

Secretary RUBIN. Let me ask Mr. Schuerch to answer.

Mr. SCHUERCH. We are very much aware of the working group's proposal. We worked very hard in the IDA 12 negotiations and there is a clear statement of support for the inspection panel that has passed the board of the Bank and is up for a vote by each of the Governors now. So we will have a clear statement.

Nevertheless, we still have the activities of the working group. It is a controversial set of proposals, and the inspection panel itself has spoken out strongly against the proposals. We have worked internally. Our USED is working very hard on the subject matter. We have an agreement that is now out in public for review and comment which had not been the original arrangement.

And once those comments are back in, the board will have further meetings. So we are actively pursuing making the working group's product—or at least the action that later passes the board vis-a-vis the inspection panel—one that will at least leave it at its current position, if not strengthen it further.

Ms. PELOSI. Thank you, Mr. Chairman. Mr. Chairman, I want to submit a question about the size of the military budgets, which concern should be taken into account when multilateral development banks make lending decisions, and another question regarding the debt relief for tropical rain forests.

I want to thank our witnesses for their leadership and testimony today and acknowledge that Mike Marek was here earlier. He is also an alumnus, and we are so proud of him, as we are of Secretary Schuerch and of you, Mr. Secretary. Thank you.

Mr. CALLAHAN. We are going to recognize Mr. Jackson and Mr. Porter for 5 minutes and then we are going to adjourn this meeting and go to the St. Patrick's Day luncheon.

Mr. JACKSON. Thank you, Mr. Chairman. I want to ask all of my questions, submit the remaining balance for the record and then leave the Secretary the time to respond.

Can the Secretary justify asking Nelson Mandela's government to pay off debts contracted by the apartheid era government, funds that were used to oppress the majority population for decades?

Would the Secretary comment on the logic and morality of forcing the Democratic Republic of the Congo, formerly Zaire, to pay off the debts accumulated by Mobutu Sese Seko, our guy during the Cold War, given that the 1982 report, commissioned by the IMF

itself, found that its loans were going directly to the dictator's private accounts?

Number 3, is there no way for the U.S. to apply the same logic to its recommendation on multilateral debt that it does on bilateral debt; that is, press for full cancellation of all debt for the most impoverished countries, at least for the concessional portion, as in its own bilateral proposal?

Secretary RUBIN. What is the third one?

Mr. JACKSON. I am going in reverse order on the document I provided to you.

Number 4 from the bottom: Is the secretary aware that Mozambique, which received the largest reduction under the HIPC so far, will see its annual debt payments dip from $111 million to $100 million and that the Parliament and some of the Cabinet were sent into an uproar upon learning that to get even that amount of debt relief, they would have to quintuple user fees at health clinics? By the way, they have a per capita income of about $500 per year.

I am also interested in whether the Secretary is aware that Claire Short, the Minister of Development in the United Kingdom, recently disclosed that because of the fluctuations in the price of coffee, that Uganda, which was the first beneficiary of HIPC, is now back where it started with an unusual and unofficially unsustainable debt? Does this speak well for HIPC programs?

Lastly, what will the source of the apparent grants to HIPC countries be? Apparently between the decision point and the completion point—and really to follow up on a question and concern, I guess, raised by our Chairman—since our country has had some role in the Cold War in choosing in the global chess game leaders to control and run various countries, particularly in Africa, and Nigeria, the apartheid government, since we had some role in making sure that these countries got these loans during the Cold War, should we take a leadership role in eliminating them without conditions?

Secretary RUBIN. Let me try to give you a general answer because I think debt relief gets into some very complicated issues. I have been in South Africa and I met with the leaders, and no one ever raised with me the question of debt relief with respect to the apartheid-era debt.

I would guess, and I don't know, I would guess that it might well be something that they would be very hesitant to do because—and I said this in my opening remarks—it is a much more complex subject once you get into it than it is at first blush.

If a country is thought not to have a credit culture, a culture in which people are basically committed to paying back debts, I don't think that they are going to find that they can get access to private sector capital from the international financial markets.

Mr. JACKSON. Mr. Secretary, certainly history plays a role in this. For example, the 1982 report on our guy in the Democratic Republic of the Congo, Zaire, Mobutu Sese Seko, he was our friend, he was our guy, our country's friend. It says that the money was lent through the International Monetary Fund and through other international lending organizations to the country of Zaire to take care of basic human needs, infrastructure, roads and projects. But our guy—the money never ended up with the people. It ended up

in his private accounts. Certainly we should not strap the people of Zaire with the debt burden associated with him.

Secretary RUBIN. That is why the President suggested that in countries that have effective reform programs and have very high debt levels and very high poverty levels, there should be 100 percent ODA concessional debt and 90 percent other bilateral debt.

On the other hand, I don't think it would be—this is my view, and you can argue this both ways, I suppose—I don't think that it would be in their self-interest to get full 100 percent debt relief if the other comment that I made is correct.

Mr. JACKSON. Mr. Secretary, aren't we using precisely—using your own logic, aren't we using the debt accumulated by Mobutu Sese Seko that ended up in private accounts under the IMF's own internal analysis of where the money actually went, aren't we using that to advance a structural adjustment reform for the people of Zaire who are not responsible for the dictator's accumulation of that wealth?

Secretary RUBIN. Well, I am not quite sure I would frame the question that way. We are in favor of very substantial debt relief in this situation. On the other hand, we are not in favor of taking debt relief beyond the point at which it would cripple the countries. It doesn't matter what our perceptions are. But it would cripple the country's ability to get capital in the international financial markets.

Mr. CALLAHAN. Mr. Porter?

Mr. PORTER. Thank you, Mr. Chairman. Mr. Secretary, the United States has successfully done some debt for nature swaps and——

Secretary RUBIN. In Latin America, principally, I think.

Mr. PORTER. The legislation was renewed and signed by the President. The original legislation was mine, and Congressman Portman was the lead on renewing and refining it. Fifty million dollars is requested by the Administration for debt for nature swaps for fiscal year 2000.

Aren't there opportunities with a lot of the countries that we are now talking about giving debt relief to, to make that debt relief a positive for their countries and preserve some of the nature that otherwise might be lost?

Secretary RUBIN. Well, the debt relief will be a positive in any event because one of two things is going to happen. Either these countries will pay their debts, and then they won't have those resources to use, or they won't pay the debts in which case they run the risk of becoming pariahs in the international capital markets and of not being able to get private sector capital.

I think the question that it raises—and you are referring to a particular piece of legislation and it is a very important piece of legislation—if a country has additional resources because of debt relief, how should those resources be allocated?

Your legislation requires debt for nature swaps, but there are also other social and education needs that these countries have, and it is a question of where you think that this money can be best used.

Mr. PORTER. Under the legislation we certainly have some leverage to encourage environmental uses and preservation of natural areas and that should be factored into our judgment.

Secretary RUBIN. Under your legislation, it has to be used for that purpose, doesn't it?

Mr. PORTER. Yes. Thank you, Mr. Chairman and Mr. Secretary.

Mr. CALLAHAN. Mr. Rubin, Irish lore has it if you want to have a successful, fruitful year, that on St. Patrick's Day you must spend time with some honest and noble people, and I have two more stops to make.

Secretary RUBIN. Then you may satisfy that aspiration, Mr. Chairman. We apologize for wasting so much of your time with respect to that objective.

Mr. CALLAHAN. Thank you for your testimony.

[Questions and answers for the record follow:]

QUESTIONS FOR THE RECORD SUBMITTED BY MS. PELOSI

DEBT RELIEF

While the Budget request for $120 million for various debt relief programs represents an increase in annual budget cost for debt relief, in policy terms it is for the most part a continuation of current programs expanded to additional countries around the world. Mr. Secretary, while many of us have called for more comprehensive debt relief beyond what is contemplated in the Heavily Indebted Poor Country (HIPC)

Question. Would you first expand on the comments in your statement on the need for debt relief for highly indebted poor countries, particularly in African countries?

Answer. Many of the poorest countries in Africa face debt burdens that are clearly not sustainable. The total debt outstanding for sub-Saharan Africa, for example, was $219 billion in 1997. The ratio of annual debt service payments to exports ranged from a very manageable 3% for Swaziland to an unsustainable 52% for Sao Tome and Principe. The reasons for the build up of debt varies from country to country but the key factors were: lack of sustained adjustment policies, inappropriate macroeconomic policies, poor governance, civil strife and the practice of both borrowing and lending for long-term needs on short-run commercial terms.

CORRUPTION

Question. There seems to be a notion expressed here that debt relief will somehow inevitably lead to more borrowing and thus more corruption in poor countries. How do you assess the current level of corruption in MDB borrowing countries, and how do you respond to this generalization?

Answer. There is no doubt that many countries that borrow from the MDBs have serious corruption problems. However, it is not appropriate to generalize. Some countries - both "classic" developing countries in Africa, Asia, and Latin America and selected "economies in transition" in Central and Eastern Europe - have problems that require attention. But there are others - also ranging from Asia to Latin America and Europe - where governance has improved and corruption has declined. Moreover, the fight against corruption clearly has gained momentum in the past two years. The MDBs have greatly increased their analysis of the problems and their deleterious effects on effective economic policies and growth.

For example, the recently concluded IDA -12 replenishment agreement includes a stronger linkage between new lending and borrower performance, including explicit consideration of good governance and efforts to combat corruption. Similarly in the African Development Fund replenishment agreement (AfDF-8) currently under discussion, includes explicit incorporation of governance issues, including corruption, in the criteria used to determine the lending programs and preparation of a formal governance policy between the AfDB Group and borrowing countries.

Moreover the World Bank is taking significant steps to identify the causes and costs of

corruption and is assisting countries to carry out necessary institutional reforms to reduce and eliminate corruption. Examples include:

- Technical assistance for civil service reform in Senegal;
- Strengthening customs administration in Guinea-Bissau.
- Workshop on investigative journalism for African writers.
- Anti-corruption seminars in Benin, Ethiopia, Ghana, and Mali.
- Improving public expenditure management in Gambia.
- Procurement reform in Georgia, Russia, Tajikistan, and Lebanon.
- Anti-corruption law and audit/tax reform in Latvia.
- Supreme Court modernization in Venezuela.
- Workshop on deregulation/public administration reform in Ukraine.

Debt relief will be available only to especially poor countries that have agreed to IMF and World Bank economic reform programs. It will enable those poor countries to devote more of their scarce resources to development rather than to servicing their large foreign debts. It may permit some renewed borrowing but not necessarily. There is increased awareness that the very poorest countries should receive increased, carefully targeted and conditioned grants rather than more loans. Even if a country gains sufficient creditworthiness through debt relief that it can once again engage in limited borrowing, such countries will have to depend largely on concessional credit from the MDBs. This credit itself will increasingly be subject to transparent and open procurement rules and carry specific preconditions that the country commit itself to serious anti-corruption programs.

IMF AND WORLD BANK DEBT RELIEF

Question. A number of special actions have been proposed in your FY2000 budget which involve the use of both the IMF and the World Bank's own resources to in effect pay themselves back for prior loans that are being forgiven or partially written off to HIPC countries. Why are the Fund and the Bank going to such extraordinary lengths as selling off gold and setting up Trust Funds rather than simply writing off the bad debt?

Answer. Whenever practicable, the World Bank and the IMF seek to maximize recovery of delinquent debt. This is prudent and sound fiduciary practice. Moreover, the World Bank and the IMF count on loan repayments to make new loans. If they wrote off the debt they would have to forego those repayments and reduce lending in the future.

TRUST FUND FOR HEAVILY INDEBTED POOR COUNTRIES (HIPC)

Question. $50 million has been requested for the HIPC Trust Fund to help pay for the costs of relieving multilateral debt. These funds along with resources from gold sales and use of IMF Special accounts will address the costs of debt relief to the current 26 HIPC eligible countries. Explain your proposal to sell up to10 million ounces of gold currently held by the IMF and use the profits of up to $1.5 billion to help pay for this debt relief package. Have other IMF donors agreed to this plan?

Answer. The HIPC Trust Fund is the World Bank's instrument for participation in the HIPC initiative. With respect to the IMF, the U.S. proposal would carry forward and expand the decision of the IMF Executive Board in 1996 establishing the IMF's instrument for participation in the HIPC initiative in the context of continuation of the Enhanced Structural Adjustment Facility (ESAF). At that time, the Board agreed to consider selling up to 5 million ounces of IMF gold if bilateral contributions were insufficient to finance HIPC and continued ESAF operations. In order to avoid any impairment of the financial strength of the IMF, the profits from such gold sales (i.e., after placement of the book value of SDR 35 per ounce in the IMF's General Resources Account, or GRA) would be invested, and only the investment income on such profits would be directed to the ESAF/HIPC Trust Account for use in financing HIPC and in subsidizing continued ESAF lending. The U.S. proposal is that a decision on gold sales be taken promptly by the Executive Board and that it permit sales of 5 to10 million ounces of gold. This issue will be considered by the Board in the near future in the context of deciding how to finance HIPC and continued ESAF lending. The Administration is seeking Congressional authorization to vote in favor of this proposed gold sale and the direction of the investment income on the profits of such sale to the ESAF/HIPC Trust.

SPECIAL CONTINGENCY ACCOUNT 2 (SCA-2)

Question. The US is proposing that up to $1.4 billion from the Special Contingency Reserve Account at the IMF be used to pay for these Debt Relief costs. Has the U.S. obtained approval from other donors for this scheme, and is it likely?

Answer. In discussions relating to the creation of the ESAF/HIPC Trust, the IMF Executive Board considered the prospects for obtaining bilateral contributions. In that connection, it also considered the possibility that members could decide to liquidate Special Contingency Account Two (SCA-2) and permit individual members to direct, by various methods, their respective interests in it to the Trust. It is likely that this approach will be endorsed by the Board, and many countries have already indicated their readiness to participate. As a few may not participate and the method of participation will vary, the amount of effective transfer to the ESAF/HIPC Trust is likely to be less than the full amount of the resources in the account, which currently totals SDR 1 billion, or about $1.35 billion equivalent at current exchange rates.

SECTION 411

Question. You are requesting a permanent modification of Section 411 of Agricultural Trade and Development and Assistance Act of 1954 (P.L. 480) in order to address post 1990 P.L. 480 debt. You have also requested special waiver language in your Appropriations request. Explain why these are necessary.

Answer. The Administration is requesting permanent modification of Section 411 in order to fully implement concessional debt reduction under the President's Africa Initiative. We received appropriations in FY 1999 to forgive $225 million of PL-480 debt owed by several eligible strong reforming African countries. However, $74 million of this debt is ineligible for forgiveness because it was issued after the 1990 contract-cut-off date of Section 411.

The Administration requested special waiver language in the FY 2000 Appropriations request in the event we are unable to permanently modify Section 411 of the Agricultural Trade and Development Act by FY 2000. This will allow us to implement debt reduction on a temporary basis until Section 411 is permanently modified. If Section 411 is permanently modified by FY 2000, we would not need the special waiver language in the FY 2000 Appropriations.

EXPANSION OF HIPC DEBT INITIATIVE

Question. It is anticipated that as many as 9 additional countries will become eligible for debt relief under the HIPC initiative including Honduras. Can you tell us when these decisions will be made, which countries are anticipated to be eligible and how much it will cost?

Answer. The costs will be dependent on the extent of the changes to the targets for debt sustainability and on the number of countries that meet economic reform conditions. The timing of the debt relief will also depend on the pace of reform in these countries.

AFRICAN DEVELOPMENT BANK

Question. The U.S. has recently agreed to participate in a new Capital Increase in the African Development Bank. This has come about after a long and arduous process to bring reform to that institution. Explain the process undertaken to bring the U.S. to the point where we agreed to participate in the General Capital Increase, and lay out the reforms agreed to.

Answer. For the past several years the primary U.S. objectives at the African Bank Group have been to support and promote fundamental management and operational reforms to bolster shareholder and financial market confidence in the institution, and to strengthen its capacity to make an enduring contribution to economic development in Africa. Reforms achieved thus far include:

- A complete reorganization, retrenchment of staff by 14%, and replacement of 70% of managers.
- Senior officials, including Board members, are now subject to term limits.
- Independent units for Risk Management, Financial Control, Procurement, and Environment were created and staffed.
- The proportion of total arrears to outstanding loans was significantly reduced with enactment of a stronger arrears clearance policy.
- The Private Sector Development Unit was upgraded; a Central Projects Department was created to handle cross-cutting issues.
- Major progress has been made in reforming the Bank's procurement system.
- An information disclosure policy, developed in partnership with NGOs, is in place.
- Release of new resources to the Fund is tied to reform implementation.

In light of solid progress on this wide ranging reform agenda, the U.S. agreed to participate in the AfDB Fifth General Capital Increase (GCI-5) negotiation that began in August 1995. Our goals in this negotiation were:

- Provide the Bank with a modest capital infusion to improve key financial ratios that had been of concern to market observers (chiefly the debt to capital ratio);

- Increase the non-regional ownership share, and

- Obtain changes in voting rules to ensure that non-regional interests are adequately reflected in the Bank's decision making process.

All of these objectives were politically sensitive issues in Africa, and negotiations were difficult.

In May 1998, the Bank's shareholders reached closure on the terms and conditions of a 35% General Capital Increase (GCI) for the African Bank that is now in the process of ratification by shareholders. Key reforms achieved in the agreement include:

- Increased non-regional ownership to 40% and

- New voting rules that eliminate the simple majority, which in the past gave African shareholders the determining voice on all issues. Under the new rules, a 70% majority will be required on key issues. Effectively, this means that no substantive decision can be taken without substantial non-regional support, and non-regionals will have blocking capacity on key issues.

Under the agreement, the U.S. ownership share will rise from 5.5% to 6.6%. Financially, this means a total additional U.S. contingent commitment of about $681M, of which approximately $41M will be paid-in (i.e., for which appropriations will be needed) over a period of eight years.

AFRICAN DEVELOPMENT FUND

Question. $100 million has been requested for the African Development Fund, which is in conjunction with a three-year $300 million pledge from the U.S. into the Fund. Explain why our pledge has increased, and how new lending from the Fund will be coordinated with debt relief efforts underway in sub-Saharan Africa.

Answer. With satisfactory conclusion of the capital increase negotiation for the AfDB in May 1998, negotiations commenced on a further replenishment of the African Development Fund (AfDF-8). These negotiations were concluded in January 1999.

The U.S. commitment of $300M constitutes a 50% increase over the previous U.S. commitment to AfDF-7 ($200M over 3 years). However, the increase in the prospective U.S. contribution reflects a variety of one-time considerations unique to the African Fund. The result is that AfDF-8 will support new concessional funding commitments to the poorest African countries at approximately the AfDF-7 level. Some of these one-time considerations include:

- New donor commitments to the last replenishment, including by the U.S., were essentially cut in half;

- The reduced new donor funding to the last replenishment was supplemented by one time internal financial transfers, such as large scale loan cancellations, which were reprogrammed for new lending;

- AfDF was restarting operations after a multi-year hiatus.

With the strong support of other donors (and the Bank's Management), we used the AfDF-8 negotiation to lock in commitments on a wide range of priority policy issues, including:

- Stronger lending focus on direct poverty reduction investments, particularly for human capital and rural agricultural development;

- Substantial improvement in the country performance indicators used to allocate new resources;

- Explicit incorporation of governance issues, including corruption, in the criteria used to determine lending programs and preparation of a formal governance policy between AfDB Group and borrowing countries;

- More systematic evaluation of the quality of domestic expenditure choices, including for military purposes, in country programming documents;

- Operational programs to eradicate the practice of female genital mutilation;

- Creation of an independent inspection panel, and

- Creation of a Memorandum of Understanding between the World Bank Group and African Development Bank Group clarifying their respective roles in Africa.

On the second question regarding debt relief efforts for sub-Saharan African countries, this will be financed in two ways :

- A portion of the African Development Bank Group's annual net income and loan cancellations will underwrite part of the AfDB Group's share of the HIPC Initiative debt relief. The remainder will need to be financed by the World Bank's bilaterally-funded HIPC Trust Fund.

- In order to qualify for HIPC Initiative debt relief, countries must be successfully implementing IMF and World Bank structural adjustment and policy reform programs. Additional AfDF lending will support the fundamental policy reforms that are required under the IMF and World Bank programs.

SIZE OF MILITARY BUDGETS

Question. For a number of years Congress has attempted to formalize a policy that the size of

military budgets should be taken into account when MDBs make new lending decisions. This issue has received greater scrutiny as the MDBs reform themselves and new requirements on civilian audits of military expenditures will soon take effect. My hope is that the size of military budgets in borrowing countries will actually become a major factor in the loan approval process. Can you explain whether the reforms currently underway have any teeth to them and give us any specific examples where the size and scope of a country's military expenditures in a given country has actually stopped new lending.

Answer. Military spending is a politically difficult issue on which our efforts have only recently begun to produce results. The IFIs have long promoted growth with poverty reduction by increasing productive and social spending and reducing unproductive, including military, spending. Worldwide military spending was sharply reduced in the early 1990s and leveled off through 1997. Military spending as a percentage of GDP in IFI adjustment program countries remains well below the worldwide average.

The issue of the size of military budgets is important. The composition of total public spending and the transparency and public accountability surrounding spending choices are also important issues. We have engaged aggressively in these areas and are pleased to report some concrete progress. Several notable advances in the IFIs include:

- IMF's Code of Fiscal Transparency which sets higher standards for data comprehensiveness, accuracy and accountability;
- MDB Country Assistance Strategies will now routinely include coverage of fiscal choices, including military spending, to demonstrate prioritization of public funds;
- World Bank and IMF committed to joint public expenditure reviews evaluating a full range of spending issues, including military;
- New allocation criteria for concessional lending will link availability of lending to quality of borrowers spending choices, including military, and
- IMF and MDB programs increasingly require firm advance budget commitments to priority social programs such as primary health and education and have occasionally included commitments to reduce military spending..

These advances, while not fully satisfying, are important steps in instituting internal organizational building blocks to systematically address long-standing Congressional concerns regarding military spending issues. Besides cases of countries in conflict (e.g., DROC, Ethiopia, Eritrea), there are no known examples where high military spending resulted in cessation of new MDB assistance. Having said that, there may be examples of internal MDB decisions which are not widely broadcast – we are in the process of surveying the MDBs and will provide you with more information at a later date.

DEBT RELIEF FOR TROPICAL RAIN FORESTS

Question. $50 million has been requested for debt for nature swaps in conjunction with legislation passed last year. This subcommittee beginning in the late 1980's initially authorized

debt for nature swaps. With these funds, treatment of U.S. debt through buybacks, swaps, and debt reduction will leverage payment of local currency resources in Funds which support conservation of tropical forests. Give us a sense of how and in what countries these funds will be used. What are the other conditions that must be met by countries to qualify for this debt relief having to do with economic reform, democratic governance, and human rights?

Answer. Pursuant to the Tropical Forest Conservation Act of 1998, a country must meet certain economic and political criteria for participation in programs under the Act. The economic criteria include an IMF program, as appropriate; major investment reforms undertaken, as evidenced by either a Bilateral Investment Treaty with the United States, an investment sector loan with the Inter-American Development Bank, or World Bank supported investment reforms; and finally, satisfactory arrangements with commercial bank lenders. The political criteria include having a democratically elected government and a satisfactory record in the areas of human rights, narcotics trafficking and international terrorism.

To date, Ecuador and Peru are the only two countries to have officially requested participation in the Tropical Forest program. As under the earlier Enterprise for the Americas Initiative (EAI), a country that buys back a portion of its debt must contribute an amount equal up to 40 percent of the repurchase price in local currency equivalent to support local projects. For example, under EAI, Jamaica and El Salvador, in being active participants in the EAI, have used these local currency resources to restore depleted forests, clean up polluted streams, and build children's zoos. We anticipate that under the Tropical Forest Act, Ecuador and Peru, as well as other eligible countries, will implement similar programs to protect their national forests and threatened species.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. FORBES

CONTINUED U.S. FINANCIAL SUPPORT OF THE
MULTILATERAL DEVELOPMENT BANKS (MDBS)

Question. Mr. Secretary, over the past few years we have seen a persistent pattern of default on various international financial obligations by a number of important countries. Some have been forced to default on important debts and then demanded rescheduling using the specter of potential local and regional chaos as leverage against world financial institutions. Given the readily apparent inability of these institutions to forecast or repair such financial crises and their relative powerlessness to resist coercive pressures from their debt ridden customers, should we not demand tighter restrictions on lending by these institutions? Might we best accomplish this goal by reducing our annual payments to them?

Answer. The case for continued U.S. participation in the Multilateral Development Banks (MDBs) is as strong and compelling as ever. Last year the MDBs responded rapidly to financial market turmoil in Asia, Russia and Latin America with programs and assistance that were contingent upon specific policy actions tailored to address the underlying problems that made these countries vulnerable. These programs and the policy adjustments that underpin them have been helping to restore economic stability, promote deep financial and economic policy reforms, and strengthen social safety nets to cushion the impact of the crisis on the most vulnerable. Returning these regions to a path of sustained, and sustainably financed, growth will pay commercial and security dividends to Americans for years to come.

More broadly the MDBs provide a powerful and increasingly effective instrument for U.S. global leadership at a time when developing and transition country economic issues have unprecedented implications for American interests. With their extensive financial resources, technical expertise, multilateral composition, and contribution-based voting rules, the MDBs are uniquely well placed to promote the basic economic investments and policy reforms needed to achieve an enduring reduction of poverty and to support market-driven democratization around the globe. Aggressive U.S. advocacy on a wide range of bipartisan issues over the last decade has produced major operational and policy improvements across the MDBs, cementing our leadership on global economic development policy while at the same time substantially reducing the budgetary costs of our participation. The result is an institutional system able to address, directly and cost-effectively, priority U.S. policy objectives on issues of global importance, as well as regional and country-specific challenges where substantial U.S. interests are directly at stake.

- Around the world there are three billion people who still live on less than $2 per day, two billion that are without regular access to either sanitation or reliable power, and one and one half billion that do not have regular access to clean water. The MDB system remains the world's largest provider of concessional funding for critically needed poverty reduction investments in the world's poorest countries, such as for primary health and education, especially for girls, disease control, basic sanitation, and power.

- After major natural disasters, such as Hurricane Mitch and flooding in Bangladesh, the

MDBs help meet reconstruction and development needs through expanded and expedited lending, debt relief, and effective coordination of the broader donor community.

- The MDBs are playing an important role in building peace and open market economies and in fostering democracy and civil society around the world. Their work includes basic investments in public services in the West Bank and Gaza; economic reconstruction in Bosnia-Herzegovina; anti-corruption and good governance programs as well as institution-building in Sub-Saharan Africa; and, market-building reforms in the formerly centrally-planned economies of Europe and Asia.

In addition to providing the U.S. with an effective platform to advance our core values and global priorities, the MDBs provide major financial leverage on a limited investment made by American taxpayers. With contributions from 180 other shareholders, and the capacity to tap global capital markets, the MDBs are able to mobilize about $40 for economic development investments for each dollar we directly contribute. In 1998, the U.S. provided $1.4B and the MDBs made commitments of $57.1B.

Finally, we are obtaining all of these significant benefits - high leverage, major policy impact, and global reach - at a substantially lower budgetary cost. Since the mid-1990s, we have negotiated down new U.S. financial commitments to the MDBs by approximately 37%, reducing our annual appropriation need from about $1.9B to the current level of $1.2B. Simultaneously, we have obtained major policy reforms in the institutions, ensured their continued focus on issues of priority to the United States and American taxpayers, and maintained U.S. voting shares and influence.

FEASIBILITY OF CONTINUED U.S. PARTICIPATION IN THE WORLD BANK

Question. Mr. Secretary, many of us on the subcommittee have begun to wonder openly about the need to maintain the World Bank. From our perspective, this bank outlived its usefulness long ago and now is desperately thrashing about looking for new roles. Would you agree that it is time for the U.S. to withdraw from the World Bank? As a former investor on Wall Street, wouldn't you agree that the World Bank only has served to de-stabilize markets by introducing monies where the market would not invest?

Answer. We believe that now is the time for continued strong U.S. engagement in the World Bank. The Bank's focus on creating conditions to alleviate poverty, achieve economic stability and better the lives of peoples around the world, and the substantial contributions it is making in these efforts, clearly serve a wide array of U.S. interests. U.S. leadership and engagement at the Bank have been instrumental in the past and remain imperative for the future.

The World Bank has a unique and critical role to play in promoting U.S. interests in the developing world. In helping to ease the current financial crisis in Asia and Latin America, promoting reform in Eastern Europe and the Former Soviet Union, reducing poverty in Africa and Asia, and catalyzing development in such crisis areas as Bosnia and the West Bank and Gaza, the Bank provides vital support for U.S. global objectives on a scale which cannot be replicated by our bilateral programs. Contributions from other countries and borrowings in

private capital markets generate Bank lending far larger than the U.S. contribution. For example, last year's IBRD/IDA commitments of $28.6 billion were roughly thirty five times the level of FY99 U.S. funding.

The relationship of the World Bank to the private sector is clearly crucial, and is an area in which we have been directly engaged. The Bank cannot and does not attempt to substitute for the private capital flows that the more advanced borrowers require to help finance their development efforts. However, we fully support strong Bank efforts to encourage developing countries to undertake the policy reforms necessary to become free market-oriented democracies, and to establish the basic policy environment needed to attract both domestic and foreign private sector capital.

As official assistance has declined, the Bank has focused even more intensively on this work. The Bank has used its programs to press borrowing countries to implement reforms that will encourage private sector investment, such as: streamlining regulations, reducing and removing obstacles to investment, supporting privatization of state-owned industries, and creating market-driven banking sectors.

In addition the International Finance Corporation (IFC), the private sector investment arm of the World Bank in business since 1956, makes direct equity investments and loans to promote private sector development, foreign investment, privatization, and efficient financial markets in developing countries. Similarly, the Multilateral Investment Guarantee Agency (MIGA), formed in 1988, promotes economic development by providing investment insurance (guarantees), at market rates, to private investors against non-commercial risks in developing countries.

The Bank's policy reform programs are designed to expand the import capacity of borrowing countries. In addition, the Bank's efforts to promote social development help underpin the sustainability of the long-term economic growth so important maintaining private sector confidence.

Question. Separately, would you agree that the IMF should strictly focus on shoring up the world financial system rather than engage in development projects? Might this split focus unnecessarily draw funds from the IMF that could be better used in maintaining global financial stability?

Answer. The IMF provides financing to help its members correct external payments imbalances. It does not undertake development projects. However, it does support reform of structural policies as well as the macroeconomic policies that historically have been most crucial to global financial stability. It has become increasingly clear that sound macroeconomic policies are not sufficient to maintain or restore stability. It is necessary, in order to be effective in reducing inflation and promoting growth and external balance, that the country have the necessary institutional means, e.g., to formulate and implement fiscal and monetary policies, to effectively supervise banks and to reduce the role of government in the marketplace.

INTERNATIONAL DEBT PAYMENT PROBLEMS

Question. Mr. Secretary, could you share your thoughts with the subcommittee about whether we can expect most international borrowers to make good on bad debts? How soon will those in default be able to close the book?

Answer. For those countries facing debt payment problems, mechanisms exist to reschedule and/or reduce their debt. These mechanisms ease cash flow problems and improve capacity to repay debt. However, the countries are required to implement IFI reform programs to address the problems underlying their debt payment problems. For example, the Paris Club reschedules debt (in the case of the poorest countries it also reduces the debt) only after an IMF program is negotiated. Thus, the timing of the solution of the debt problem, when they "close the books," is dependent on when the countries implement an economic reform program and whether such reforms are sufficiently far-reaching and lasting.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. JACKSON

HIPC GRANTS

Question. Regarding President Clinton's debt relief plan, announced in outline form yesterday, can you tell us what the source of the apparent grants to countries being considered for benefits under the World Bank & IMF's Heavily Indebted Poor Countries(HIPC) Debt Initiative would be (grants to be made, apparently, during the period between the program's "decision point" and "completion point")? The question arises because the IMF and the World Bank are not really in the business of making unrequited grants, and no such provision is present in HIPC or Paris Club practice.

Answer. Grants are one of a menu of options to forgive debt. The source of grants in the World Bank is the IDA -11 capital replenishment and in the IMF it is the ESAF-HIPC Trust.

MARSHALL PLAN FOR AFRICA

Question. We note also the indication that the plan would seek to "avoid future debt problems" by seeking "international commitment to provide at least 90% of new aid to HIPC countries on a grant basis." Does this mean actual grants, or merely loans on concessional terms? Does the proposed U.S. budget for overseas development aid (ODA), at least for aid to Africa, follow this guide-line (keeping in mind the President's comment yesterday that he would be calling for 10% more ODA for Africa)? Would this represent a new direction for the international financial institutions? Could the recognition of the need for grant aid be the first step to something like a Marshall Plan for Africa?

Answer. The President called on bilateral donors to provide at least 90% of official development assistance (ODA) in the form of grants rather than concessional loans. Since 1978, AID has provided ODA only as grants to the least developed countries (the poorest countries as defined by the United Nations) and since 1985 all of its ODA has been in the form of grants to poor countries. The United States does provide some food aid using concessional loans but over 90% of ODA to the poorest countries has been in the form of grants. The President did not call on international financial institutions to provide grants instead of loans.

The assistance being provided to Africa is already significant. The President's debt relief plan, however, as well as his Africa Initiative, for which legislation is sought, would increase the scale of this assistance to Africa substantially and reflects an intensification of the U.S. Government's commitment to support growth and development in Africa.

CONCESSIONAL AND NON-CONCESSIONAL DEBT RELIEF

Question. On bilateral debt, why the distinction in levels of debt relief between concessional and non-concessional (presumably primarily Export-Import Bank) debt?

Answer. Concessional loans are part of official development assistance. They were made to support development projects, with interest rates well below market rates. These loans are often

the subject of unilateral debt forgiveness. Non-concessional loans were made to implement commercially viable projects with interest rates much closer to prevailing market rates than concessional loans. There is greater expectation that these debts will be repaid by responsible governments. It is also generally more expensive to forgive non-concessional debt. For these reasons, we differentiate between the two kinds of debt in our budget process.

HIPC EXPANSION

Question. Some reports indicate the expansion of debt relief to more countries than the standard HIPC list, i.e. increasing the number from 41 to 50. Is that right? If not, what sort of number are we talking about? What criteria would be used to determine the eligible countries?

Answer. The President has proposed modifying the debt relief criteria for the HIPC initiative that could lead to an increase in the number of countries that would receive debt relief under HIPC terms. Currently, 41 countries are now defined as HIPCs. The modifications we are seeking would not increase this total, but would increase the number of countries that actually receive HIPC debt relief.

DETAILS OF PRESIDENT'S INITIATIVE

Question. Given the numbers arrived at in the summary of the proposal (forgiving an additional $70 billion in debt; reduction of $3 billion in the bilateral debt owed the U.S.), it's obvious that a more detailed plan exists. When will that be made available?

Answer. We are in the process of negotiating a more detailed framework with our G-7 partners and the International Financial Institutions. Looking forward, we pledge to work closely and cooperatively with the Congress concerning a detailed plan as it emerges.

IMF GOLD SALES

Question. Reports on the plan mention using proceeds from sales of IMF gold to finance this relief. But it seems you're talking only about using the interest from investments of resulting monies. Why not devote the proceeds entirely to debt relief -- could this not go much further to solving the problem, especially if the plan to avoid future debt calamities is a serious one? Has the idea of devoting some proceeds from gold sales to the IMF's Enhanced Structural Adjustment Facility been shelved?

Answer: Devoting the full amount of profits from gold sales would indeed result in a significant amount of money up front. But the approach of investing the profits from gold sales and using the income generated by the investment would also result in a significant amount of financing over the greater-than-15-year life of the HIPC initiative, and has certain advantages over using the profits

themselves for debt relief. One, it helps ensure that there is a steady stream of financing available over a period of time. This is better suited to the way HIPC works and to the timing of its financing needs, with countries becoming eligible and obtaining debt relief at different stages rather than all at the same time. Second, this approach prudently mobilizes a portion of the IMF's gold resources without eroding the IMF's financial position. This helps ensure that IMF resources are available for needs that may arise in the future, including, perhaps, with respect to debt.

As concerns financing for the IMF's Enhanced Structural Adjustment Facility (ESAF), the plan to devote some of the investment earnings from IMF gold sales to the continuation of ESAF as well as to the HIPC initiative has not been "shelved."

HIPC EXPORT RATIOS

Question. Some reports mention the possibility of going beyond HIPC's target of 200-250% of debt-to-export ratio. How far, and in what sorts of cases? Does this account for a large part of the anticipated additional debt relief?

Answer. We are in the process of reviewing and possibly modifying the targets for debt sustainability under the HIPC initiative in order to deliver deeper relief to countries that are committed to reducing poverty and agree to good governance standards. The largest component of the estimated additional debt relief under the new initiative results from forgiving concessional ODA (official development assistance) debt on a bilateral basis.

"EXCEPTIONAL PERFORMERS"

Question. How would the "exceptional" performers, who reports of the debt plan indicate might get more benefits, be chosen? How are qualifications determined for "exceptional" cases such as countries emerging from conflict?

Answer. We are also in the process of exploring how best to determine the criteria for "exceptional" performers. We want to target relief to countries that are committed to reducing poverty and have strong reform records on performance and governance issues.

STANDARDS FOR SOUND PERFORMERS

Question. Are the standards for sound reformers basically those reflected in standard IMF/World Bank structural adjustment programs (SAPs)?

Answer. Yes, the HIPC initiative requires countries to successfully implement both IMF and World Bank reform programs. We are working to increase World Bank and IMF coordination and to reform ESAF programs to better integrate poverty reduction, social sector spending, good governance with a growth oriented macro-financial economic policy.

EFFECTIVENESS OF STRUCTURAL ADJUSTMENT PROGRAMS

Question. If adherence to SAPs is indeed a good criterion for determining which countries are most worthy of debt relief, or most likely to use it well, why is it that countries that have been implementing them for so many years are still in such economic straits? And suffering increasing debt? Reasons that one might be skeptical include:

World Bank statistics show that external debt has risen nearly 400% for Africa since the onset of the age of structural adjustment in 1980.

The IMF's own review of its ESAF program shows that from 1981-85 to 1991-95 the debt burden of countries subjected to SAPs almost doubled as a share of their GNP.

World Bank figures demonstrate a correlation between time spent under SAPs and accumulation of debt in 63 of 69 SAP countries.

Poverty continues to increase in Africa: by the next year half of sub-Saharan Africa's people will live in official poverty. 40% of the population suffers from malnutrition.

Short-term pain for long-term gain has proven a misnomer. The gains are few and far between, and the pain is not so short-term. And some sorts of short-term pain are hardly temporary in their impact. The cuts in health and education spending spawned by SAPs have devastated many Africans' potential. In Ghana, a country often touted as an example of how structural adjustment can work, the percentage of infants with low birth weight has gone from 5% in 1988 to 17% in the period 1992-95.

Answer. We concur that Africa's plight presents difficult challenges ahead. It is not structural adjustment that should be blamed for Africa's development problems, but rather the lack of sustained reform implementation. The positive record of sound economic reforms is very strong. A recent study by the IMF of 10 low-income developing countries showed that one of the main factors behind the buildup of debt was a lack of sustained macroeconomic adjustment and structural reforms or "stop and go policy implementation." Civil war and social strife also were important factors, particularly in Africa. There also is evidence that IMF programs have increased the amount of resources devoted to social sector spending. In 66 countries with IMF-supported programs, public spending on health and education rose as a share of GDP in 1986-96. For low-income countries, the improvement was even larger.

UGANDA EXPERIENCE

Question. Is the Secretary aware that Clare Short, Minister of Development in the U.K. recently disclosed that because of fluctuations in the price of coffee, Uganda which was the first beneficiary of HIPC some 8 or 9 months ago, is now back where it started, with an officially unsustainable debt? Does this speak well for the HIPC program?

Answer. We understand that Uganda's net present value (NPV) of debt to exports ratio when calculated using 1998 export data is above the 196% calculated at the April 1998 completion point

using an average of exports over 1995-97. This change in the debt to exports ratio is the result of lower coffee prices, El Niño and falling interest rates. In this case, Uganda experienced a double shock of bad weather and lower coffee prices. This is one reason why we are proposing to modify the HIPC initiative to make the debt reduction deeper.

MOZAMBIQUE

Question. Is the Secretary aware that Mozambique, which received the largest reduction of debt under HIPC so far, will see its annual debt payments dip from $111 million to $100 million? And that the Parliament and some of the Cabinet were sent into an uproar upon learning that to get even that amount of debt relief they would have to quintuple user fees at health clinics?

Answer. According to the IMF, Mozambique's debt service payments will drop to $96 million in 1999 after they receive their final HIPC relief, currently scheduled for June 1999. Without HIPC relief, their debt service payments would be $149 million in 1999. This reflects the debt reduction provided by the Paris Club under Naples terms (67% reduction of eligible debt), without which scheduled payments would have been $395 million. In the past, Mozambique ran significant arrears, so that average debt service paid in 1995-98 was only $113 million.

The IMF program in Mozambique supports an increase in the share of the budget spent on the health sector. Higher user fees paid by the better-off (with the poorest exempted from user fees for essential needs) are designed to help improve health services for all.

BILATERAL VS. MULTILATERAL DEBT POLICY

Question. Is there no way for the U.S. to apply the same logic to its recommendation on multilateral debt that it does to its bilateral debt, i.e., press for full cancellation (if not for all debt for the most impoverished countries, at least for the concessional portion, as in its own bilateral debt proposal)?

Answer. Full debt forgiveness by multilateral institutions presents two problems: First, the international financial institutions are simply not in a position to finance full forgiveness. Even the cost of the HIPC initiative as it is currently structured is not fully funded. Second, full forgiveness could set an adverse precedent for future lending and discourage countries from undertaking essential economic reforms that are needed for long-term growth.

MOBUTU DEBTS

Question. Would the Secretary comment on the logic and morality of forcing the Democratic Republic of the Congo (former Zaire) to pay off the debts accumulated by the longtime dictator Mobutu, given that in1982 a report commissioned by the IMF itself found that its loans were going directly into his private accounts?

Answer. As a matter of international law, generally speaking, a sovereign government which succeeds another, even if the latter was "corrupt," is not absolved of the obligation to repay the debts of its predecessors. If countries were to repudiate the debts of preceding governments, it could lead

to a reduction in future aid flows.

IFI RESPONSIBILITY FOR BAD LOANS

Question. As in the above case, should there not be some responsibility taken for ill-advised loans made by the IFIs to corrupt and undemocratic governments? Is it justifiable to make the poor people of countries pay off loans -- and keep paying them off over decades, since new loans have to be taken to pay off old ones -- when they seldom benefitted from the monies in the first place?

Answer. As a general principle of international law, a sovereign government which succeeds another, even if the latter was "corrupt," is not absolved of the obligation to repay the debts of its predecessors. The international financial institutions provide support to governments that make commitments to undertake economic reforms. Studies show that aid given to reforming governments is more effective in promoting growth and poverty reduction. At our urging, the IFIs are focusing more on incorporating good governance provisions into the economic reform programs to help address the issue of corruption.

APARTHEID-ERA LOANS TO SOUTH AFRICA

Question. Can the Secretary justify asking Nelson Mandela's government to pay off debts contracted by South Africa's apartheid-era government – funds used to oppress the majority population for decades?

Answer. The U.S. Government did not make any loans to the South African government from 1975 until 1994, so there are no loans outstanding from the apartheid era. Moreover, Nelson Mandela's government has not asked for debt relief.

THURSDAY, MARCH 11, 1999.

FISCAL YEAR 2000 BUDGET REQUEST FOR SECURITY ASSISTANCE

WITNESSES

JOHN D. HOLUM, ACTING UNDER SECRETARY OF STATE FOR ARMS CONTROL AND INTERNATIONAL SECURITY AFFAIRS

JAMES BODNER, PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE FOR POLICY

CHAIRMAN CALLAHAN'S OPENING STATEMENT

Mr. CALLAHAN. Thank you all for coming. Today we are having this hearing on the international security assistance portion of the President's budget for foreign operations. The funding requested for the international security accounts including the Economic Support Fund, IMET, the foreign military financing program, voluntary peacekeeping operations and the nonproliferation account exceeds $6.2 billion, an increase of $120 million over the fiscal year level 1999.

Much of this funding is committed, as history always reflects, to the Middle East. These numbers do not include the fiscal year 2000 impacts of the Wye River supplemental, which would add $500 million for economic support, and FMF for Israel, Jordan, and the West Bank and Gaza, and with these funds the total increase of $620 million, or over 10 percent.

Of course, this budget request is used to support policy, and therefore we will be focusing today on the status of the administration's security and foreign policy throughout the world.

We have a number of disturbing trends, at least to me. First we continue to make North Korea one of the largest recipients of our assistance in East Asia. That country is developing missiles that threaten not only our allies, but potentially, we understand, possibly the mainland of the United States.

Second, we continue to provide substantial assistance for both Russia, and the administration is asking for a huge increase in assistance for that country, yet we continue to read press reports that Russia is supplying arms and nuclear and missile technology assistance to Iran and other enemies of our friends in the Middle East.

Third, we have very disturbing reports about spying by China at one of our most sensitive nuclear facilities in New Mexico, and further reports that the administration did not act promptly to either inform Congress about these activities or to impose additional security measures.

At the same time, the administration is asking for an additional $20 million to implement the comprehensive nuclear test ban treaty, a treaty that has yet to be ratified by the Senate.

Fourth, we continue to engage in air strikes against targets in Iraq due to the failure of international efforts to monitor the Iraq Defense Act activities. It is ironic that we bomb Iraq for its failure to ban weapons of mass destruction, but we provide assistance to North Korea when they are accused of doing the same thing.

Fifth, even in Africa we see renewed warfare in Ethiopia and Eritrea, the collapse of the U.N. peacekeeping operations in Angola, and continuing civil war in the Democratic Republic of the Congo.

Sixth, we see little progress in Haiti, which has not had a government now for almost 2 years.

Finally, we have a prospect of another long-term commitment to U.S. troops and resources in the Balkans, this time for Kosovo. At the same time, the Dayton Peace Accord in Bosnia is threatened due to the removal of the President of the Bosnian Serb entity, and for the first time a U.S. soldier was forced to kill a civilian to defend himself from harm.

We have a military that is increasingly stretched thin in its ability to respond to all of these initiatives and still retain its readiness and a core group of veteran professionals. The U.S. military may face the worst personnel crisis since the end of the Vietnam War. The proliferation of missions in far-flung regions of the world is undermining our ability to recruit and retain the most important instruments of the U.S. international security, the men and women of our Armed Forces. Our resources are not endless, and the ability of our troops to respond to every possible contingency in the world is not without limits.

Our witnesses today are John Holum, the Acting Under Secretary of State for Arms Control and International Security Affairs, and James Bodner, Principal Deputy Under Secretary of Defense for Policy, and we welcome you all here today. Both of your statements will be included in their entirety in the record; therefore, I encourage to you summarize your statements in order to allow Members time to ask questions.

Mr. CALLAHAN. Ms. Pelosi.

MS. PELOSI'S OPENING STATEMENT

Ms. PELOSI. Thank you very much, Mr. Chairman. This is a very important hearing today. The subcommittee will hear testimony on the fiscal year 2000 request for the security assistance related programs in the Foreign Operations bill. I want to join you in welcoming our witnesses, Secretary John Holum, the Acting Secretary of State for Arms Control and International Security Affairs, and Mr. James Bodner, the Principal Deputy Under Secretary of Defense for Policy.

I intend to discuss a range of topics today, including the status of our military sales programs, progress on demining, the implementation of the Comprehensive Test Ban Treaty, our policy towards North Korea, the status of relations between Greece and Turkey, and IMET for Pakistan as well as other issues. The Chairman laid out a litany of concerns in his opening remarks, and clearly there are so many issues it is hard to see how we can cover them all in one hearing, but I will try to cover my issues in the allotted time.

Mr. Chairman, last year as a result of growing concern about the rapidly expanding foreign military training programs conducted throughout the world by our Defense Department, a provision was included in the Foreign Operations bill that required a report on the scope of U.S.-sponsored military training throughout the world.

The report, which was only recently submitted, indicates that $1 billion has been spent on foreign military training in the past 2 years on over 51,000 different activities. Clearly the scope and range of U.S. foreign military training has ballooned significantly well beyond the $50 million IMET program funded in the Foreign Operations Bill.

The law requires that a foreign policy justification be submitted for such training and, specifically, that information on the JCET program, the Joint Combined Exercise and Training program, be included in the report. The foreign policy justification submitted with the report consists of one four-sentence paragraph, and all the information on the JCET program was submitted in classified form.

The report shows that there are numerous instances where decisions are made to deploy U.S. forces in training capacity into foreign countries without any congressional consultation or involvement.

The Foreign Operations subcommittee is supposed to have jurisdiction over foreign military training. The DOD budget is supposed to fund training which *primarily* benefits our military forces. Primarily. The scope and extent of foreign military training funded by the DOD shown in this report demonstrates that this distinction has been purposely evaded in order to avoid congressional oversight.

Congress is not adequately informed of the vast majority of these training activities and deployments, many of which have foreign policy implications. Unfortunately, the DOD has chosen to submit a report that is narrowly crafted and is unresponsive to our concerns.

The apparent recent decision by the administration to deploy U.S. special forces to train an 800-man counternarcotics battalion in the Colombian Army is a recent blaring example of this evasion. Because of numerous instances of human rights violations and the Colombian police's mistrust of the Colombian Army—making a distinction here, Mr. Chairman, between the police and the army—U.S. policy and the debate in Congress has centered around what resources should be provided to the Colombian National Police for counternarcotics programs.

The administration has decided to initiate this special forces army training within the last 2 months. Congress was never informed of this decision, despite the obvious interest and its controversial nature. I am forced to conclude that the lack of consultation was purposeful, or, even worse, that only selected individuals in Congress were informed despite the direct role of this subcommittee.

Another recent example is the case of Indonesia where only after press stories occurred was Congress made aware of extensive training programs with the Indonesian Army and even training of the Indonesian intelligence force. This is on the heels of action taken by the DOD in the early 1990s to allow Indonesia to purchase

IMET training with their own funds to get around a congressionally placed ban on IMET. The requirement for the training report was a modest attempt to gather information about all DOD training activities, and it is my hope that a separate hearing will be scheduled so that we can ask in-depth questions about all issues raised by it.

My intention today would be to explore with our witnesses why this report was so narrowly crafted and how this kind of behind-the-scenes decisionmaking can be justified in instances that are so controversial and of such obvious interest to this subcommittee.

The House may be spending the rest of the day debating the deployment of U.S. troops to Kosovo at the insistence of our Speaker. He has scheduled this resolution in order to respond to concerns within his caucus about the commitment of U.S. troops. The situation in Colombia is only different from Kosovo in scale. It is no different in terms of the controversy it generates and the potential danger it poses. In fact, it may be more dangerous sending U.S. troops to Colombia because of the absence of a peace agreement. The recent killing of three Americans in Colombia should demonstrate in stark terms the perils of that country.

Finally I want to note my continued concern about our IMET program in Pakistan. I have consulted extensively with the State Department on this and agreed not to oppose a 1-year IMET program for Pakistan. Decisions about the future inclusion of this authority for next year will depend on Pakistani performance on various nonproliferation concerns. I intend to pursue these issues today to take advantage of the presence of high-level officials from both State and DOD. I look forward to the opportunity to discuss further the training issue in a military training hearing. I look forward to the testimony of our witnesses today.

Thank you, Mr. Chairman.

Mr. CALLAHAN. Secretary Holum, we have received your 22-page Statement and had the chance to at least begin to scan it, and certainly will take it seriously and read it in its entirety at some time during this process, but we would ask now that you summarize your presentation.

MR. HOLUM'S OPENING STATEMENT

Mr. HOLUM. I will be happy to do that, Mr. Chairman.

Members of the committee it is a pleasure to be with you this morning along with Principal Deputy Under Secretary Jim Bodner to testify in support of the administration's fiscal year 2000 security budget request.

I know you have many issues that you want to discuss in the next few hours, and you have given us a good many.

Mr. CALLAHAN. We are not going to get too much into the budget request. This is a policy hearing. You wouldn't like to be in that meeting anyway.

Mr. HOLUM. A year ago Secretary Albright, Under Secretary Slocombe and I appealed to you, Mr. Chairman, for a bipartisan consensus to provide the resources necessary to help protect American security and vital geopolitical interests. Through your leadership, Mr. Chairman, and this committee's support, we have worked

together successfully over the past year to advance American interests and sustain American leadership.

During that time we have made important progress. We have helped achieve progress toward a peaceful, free and undivided Europe. We are facilitating the integration into NATO of Poland, Hungary and the Czech Republic as they prepare to join the alliance. Security cooperation in Asia is on the rise. We have also undertaken to strengthen key alliances, major bilateral relationships and regional organizations.

Our efforts are paying dividends both here at home and abroad, but we cannot afford to become complacent or ignore the challenges beyond our borders, many of which you and Ms. Pelosi have cited. Regional conflicts, the proliferation of weapons of mass destruction, persistent attempts to undermine or overthrow legally constituted governments, terrorist attacks on American citizens, instability in Russia, the ongoing crisis in Iraq, and others should serve to remind us that the world continues to be a very dangerous place.

If Americans are to be secure in such a world, we must be willing to dedicate the resources necessary to protect and enhance American national interests abroad. And so this morning I am here once again to ask for your support.

This year we will celebrate the 10-year anniversary of the fall of the Berlin Wall. Tomorrow Secretary Albright will receive the instruments of accession to NATO from the foreign ministers of Poland, Hungary and the Czech Republic, effectively completing that process for them. It is amazing when you go consider that only 10 years ago those nations, our new allies, were on the other side of the Iron Curtain.

Our fiscal year 2000 security assistance request will build upon the successes of the last several years in furthering the efforts of Poland, Hungary and the Czech Republic as they deepen their military integration within NATO. And through the Partnership for Peace and International Military Education and Training program, IMET, it will assist our friends in Central Europe and the former Soviet Union who may want to join in the future.

Our request also provides support for the OSCE's extensive responsibilities in Kosovo under the verification mission, its ongoing activities to implement peace in Bosnia consistent with the terms of the Dayton Agreement, and the eventual withdrawal of SFOR troops, and its democracy activities through Central Europe and the former Soviet Union.

In the Middle East our request continues our efforts to bring about the comprehensive and lasting peace between Israel and its Arab neighbors. Accordingly I ask the committee to support our request for military and economic assistance for Israel and Egypt. These levels reflect Israel's desire to gradually reduce its amount of economic assistance while maintaining a strong security relationship with the U.S.

We also seek your support for increased military and economic assistance levels for Jordan, including the President's emergency supplemental request to demonstrate our responsiveness to Jordan's economic and military assistance needs in the wake of the transition under King Abdullah.

Finally, I ask for your support in increased economic funding for the Palestinian people.

In Asia, our budget request supports U.S. interests in fortifying our core alliances, maintaining our forward deployment of troops, and continuing implementation along with our partners in the Agreed Framework. This request also supports efforts by ASEAN and other regional leaders to encourage democracy and the respect for human rights in Cambodia and throughout the region.

Closer to home, Latin America continues to make great strides. Today, except for one lonely exception, every government in the hemisphere is freely elected. Peru and Ecuador have resolved their border dispute, and Central America remains free of conflict. However, the region still faces many challenges, especially in the aftermath of Hurricane Mitch and earthquakes in Colombia. Our budget request supports continuing market-based economic reforms; strengthening democracy, the rule of law, and respect for human rights; building regional cooperation on defense and security matters; and working with the region's militaries to develop sound military strategies and doctrines. I also ask for your support for an emergency supplemental appropriation to help those countries hardest hit by recent natural disasters.

In Haiti, the challenge of shaping a Democratic culture and market economy has been especially difficult. For millions of impoverished Haitians, democracy has not yet delivered on the hope of prosperity. Our request maintains strong levels of support for Haiti to support programs that will help strengthen the economy, eradicate unemployment, hunger and rural poverty, and promote a professional police force and coast guard.

In Africa, many nations face ongoing challenges, among them Congo, Sierra Leone, Sudan, Angola, Ethiopia and Eritrea. Even so, old conflicts are being settled, countries are looking to modernize, centralized economies are giving way to open markets, and civil society is beginning to flourish. Our assistance will encourage such continued democratic and economic reform and, where needed, support regional and multilateral conflict resolution activities. And through the African Crisis Response Initiative, it will also enhance the ability of select African nations to increase their share of the burden in responding to humanitarian peacekeeping crises on the continent.

The area with greatest potential for serious conflict in renewed genocide in Africa remains the Great Lakes region of central Africa, where fighting could result in the permanent destablization of Rwanda, Burundi, or the Democratic Republic of Congo. Our programs in this region are designed to strengthen mechanisms for justice and reconciliation in order to break the cycles of impunity, extreme violence, and instability that have plagued the area's recent history.

And in fiscal year 2000, we will continue to champion a cause that I know is of great concern to many on this committee and in the Congress, humanitarian demining. Through the President's Demining 2010 Initiative, we are committed to ensuring that civilians in every country on every continent are secure from the threat of land mines by the end of the next decade.

Mr. Chairman, to protect the security and prosperity of our citizens, we are engaged in every region on every continent. Many of our programs and concerns are directed, as I have discussed, at particular countries or parts of the world, but there are threats that are more encompassing and can best be considered in global terms.

With the dissolution of the Soviet Union, the proliferation of weapons of mass destruction and advanced conventional weapons now pose the principal direct threats to the security of the United States and our allies. Arms control and nonproliferation efforts remain a key part of our foreign policy strategy to keep America safe. The objectives of our nonproliferation programs are to reduce the risks of war by limiting and reducing distabilizing forces, inhibiting the spread of weapons of mass destruction delivery systems, and building confidence through measures that enhance transparency and verification of compliance with national commitments. We must and will face these threats head on and request your assistance in providing us the resources we need.

Working bilaterally through export control programs, the Nonproliferation and Disarmament Fund, and under the multiagency efforts of the new Expanded Threat Reduction Initiative, as well as multilaterally through IAEA, KEDO and the CTBT Preparatory Commission, we seek to stem the unrestrained flow of sensitive materials, technology, and weapons expertise that risks the well-being not only of the American people, but of our friends and allies both now and in the future.

I would like to thank you, Mr. Chairman, along with Ms. Pelosi and Representative Obey, for allowing us to move forward with the CTBT Preparatory Commission. This funding will allow the United States to maintain a leadership role in developing the Prepcom's work plan to further our nonproliferation and national security objectives. I look forward to working closely with you on this program.

Let me conclude by saying that this funding that we are requesting directly increases the security of Americans and advances our direct interest in a stable, peaceful and prosperous international system. We undertake these programs to achieve specific objectives, each of which can be measured in terms of its success, and each of which makes America and the world safer. U.S. security depends on the strengthening of our alliances, resolving regional conflicts, limiting the proliferation of destabilizing weapons and assisting democratic forces in emerging or threatened democracies.

Thank you, Mr. Chairman. I thank the Members for the opportunity to address you on the security assistance budget, and we would be pleased, after Deputy Under Secretary Bodner's presentation, to answer your questions.

[The information follows:]



STATEMENT BY
ACTING UNDER SECRETARY JOHN HOLUM
BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE
ON FOREIGN OPERATIONS

THURSDAY
MARCH 11, 1999

Introduction

Thank you, Mr. Chairman. I am pleased to testify today in support of the Administration's FY 2000 security assistance budget request for foreign operations.

A year ago, Secretary Albright, Under Secretary Slocombe and I appealed to you, Mr. Chairman, and Members of this Committee, for a bipartisan consensus to provide the resources necessary to help protect America's security and vital geopolitical interests. Through your leadership, Mr. Chairman, and this Committee's support, we have worked together successfully over the past year to advance American interests and sustain American leadership.

During that time, we have helped achieve progress towards a peaceful, free, and undivided Europe, including a tenuous order among long-held animosities in the Balkans; an Asia where security cooperation is on the rise; an Africa which is being transformed by new leaders and fresh thought; and a Western Hemisphere of interdependent, freely-elected, democratic partners. We have also undertaken to adapt and strengthen key alliances, major bilateral relationships, and regional organizations, and taken steps to re-establish a bipartisan consensus for U.S. leadership in world affairs. We have made great strides in the negotiation and implementation of arms control and nonproliferation agreements which diminish the threat posed by land mines and conventional weapons, as well as weapons of mass destruction. Our efforts to promote democracy, human rights and the rule of law are taking root where some say they could not. However, serious challenges to the security of the United States and our allies remain, and we must consider them an important part of our foreign policy strategy to keep America safe.

Our efforts are paying dividends both here at home and abroad. But we cannot afford to rest and simply aspire to maintain the status quo. The pathway to a more peaceful, secure, and democratic world continues to be beset with uncertainty. If Americans are to be secure in such a world, we must seize the opportunities that history has presented to bring nations closer together, encompassing the basic principles of democracy, free markets, respect for the law, and a commitment to peace.

We must lend a helping hand to nations struggling to build democratic institutions, emerging from poverty, or recovering from conflict. We must be steadfast in deterring, isolating, and defeating those who run roughshod over the rights of others. And we must -- and we will -- insist that others do their fair share. As in the past, the critical test of American leadership will be our willingness to dedicate the resources necessary to protect and enhance American national interests abroad. And so, this morning, I am here to ask once again for your support.

On April 15, Secretary Albright is scheduled to appear before this Committee to seek your support for President Clinton's International Affairs budget request for fiscal year 2000. Our base request for $19.906 billion, a $1.24 billion increase over the FY 1999 enacted level of $18.662 billion, provides the minimum essential tools for maintaining America's strong global leadership role. The foreign operations component of this request

totals $14.1 billion, up from $13.8 billion enacted in FY 1999. The International Affairs budget serves seven basic national interests. Those interests include:

- Protect vital interests, secure peace, deter aggression, prevent and diffuse crises, halt the proliferation of weapons of mass destruction, and advance arms control and disarmament;
- Expand exports, open markets, maintain global growth and stability, and promote economic development;
- Protect American citizens abroad, manage the entry of visitors and immigrants, and safeguard the borders of the United States;
- Combat international terrorism, crime, and narcotics trafficking;
- Support the establishment and consolidation of democracies, and uphold human rights;
- Provide humanitarian assistance to victims of crisis and disaster; and
- Improve the global environment, stabilize world population, and protect human health.

Today, I would like to address in greater detail security assistance programs which further several of these interests, including protecting America's security and vital geopolitical interests; and promoting democracy, human rights, and the rule of law. Our security assistance programs are funded by four basic accounts -- FMF, PKO, IMET, and ESF:

- ***Foreign Military Financing*** (FMF) assists allies and friends by financing the acquisition of U.S. military equipment, services and training. As FMF helps countries provide for legitimate defense needs, it also promotes U.S. national security interests by strengthening coalitions with friends and allies, cementing cooperative bilateral foreign military relationships, and enhancing interoperability with U.S. forces. By creating demand, FMF also contributes to a strong U.S. defense industrial base – a critical element of our national defense strategy. We are requesting $3.43 billion in FMF to meet FY 2000 requirements.
- ***Peacekeeping Operations*** (PKO) enables the U.S. to provide voluntary support for peace and humanitarian operations that are not UN-mandated and/or not funded by UN assessments, as well as to enhance the ability of other nations to participate in peacekeeping operations. Because the United States cannot solve every problem, we have a strong incentive to strengthen other mechanisms for responding to emergencies and conflicts. PKO has demonstrated its ability in the past to prevent the proliferation of small conflicts and address humanitarian crises, while also leveraging financial and military support from other foreign nations to reduce the burden on the United States. Our request for FY 2000 is $130 million.

- ***International Military Education and Training*** (IMET) provides U.S. military training on a grant basis to enhance the military efficiency and effectiveness of participating nations. IMET is an investment in ideas and people which has an overall positive impact on the numerous people trained under the program. It is a program that, for a relatively modest investment, presents key foreign military and civilian leaders with democratic alternatives. IMET fosters important military linkages throughout the world essential to preserving the security of U.S. friends and allies, as well as for advancing the global security of the United States. For FY 2000, the Administration is requesting $52 million in IMET.

- ***Economic Support Funds*** (ESF) provides economic assistance to allies and countries in transition to democracy, and finances economic stabilization programs. By targeting the economic and political stability of a country, ESF furthers the broader goal of regional stability. ESF also supports rule of law, justice, and police training programs, democratic institution-building efforts, and environmental initiatives. The ESF request is $2.389 billion for FY 2000.

Altogether, this approximately $6 billion in FMF, PKO, IMET and ESF forms the core security assistance budget for the International Affairs programs designed to meet the challenges of regional security, and promotion of democracy, human rights, and economic development. In FY 2000, the President is requesting an additional $500 million in advance appropriations in these accounts to meet special requirements. And, beyond the core security assistance budget, we are requesting $389 million in other accounts to meet nonproliferation, disarmament, and demining activities.

I. SECURITY AND VITAL GEOPOLITICAL INTERESTS

Ensuring the safety and security of the United States and its people is a fundamental purpose of American foreign policy. The well-being of individual Americans increasingly is put at risk by regional conflict, trafficking in illegal narcotics, international crime and terrorism, proliferation of weapons of mass destruction and its related technology, destabilizing conventional arms exports, and persistent attempts to undermine or overthrow legally constituted governments. These threats undermine international stability, which in turn is vital to our national security, domestic prosperity and quality of life, and the promotion of American values. Our security assistance budget meets these threats by strengthening alliances and regional security, resolving regional conflicts, limiting the proliferation of destabilizing weapons, and assisting democratic forces in emerging or threatened democracies.

A. Strengthening Alliances and Regional Security

The principal means of ensuring American security is through the deterrence of potential aggressors who would threaten the United States or its allies. Maintaining the strength of our military is the most critical element of our strategy for achieving this

objective. That is why our armed forces are the best led, best trained, best equipped, and most respected in the world. But our military strength alone is not enough. Diplomacy and international programs go hand in hand with military force to prevent and resolve conflicts without having to resort to force.

Should it become necessary to fight, our diplomacy ensures that we need not fight alone and that our military has access to the bases and other facilities needed to win. Our security assistance programs help our allies to become capable coalition partners as well as to defend their own security. By strengthening alliances, building cooperative military relationships and stabilizing regional military balances, International Affairs programs protect American security and reduce the likelihood of war.

European Security

The U.S. has a vital interest in maintaining our alliances and enhancing stability in Europe. Traditional political, military, economic, and cultural ties link Europe's security and prosperity to our own. Twice in this century, Americans have gone to war in Europe to protect our vital interests, and American troops have remained in Europe since World War II. The lesson of this century – the bloodiest ever – is that when Europe and the U.S. act together, we advance our interests and our values more effectively than any of us can alone. When we fail to agree, stalemate and crisis are the result.

Europe is now in a period of transition and transformation as we attempt to overcome historical divisions in building a New Atlantic Community. But conflicts persist in the Balkans, the New Independent States, and the Eastern Mediterranean, posing serious threats to regional, and global, security and stability.

U.S. security policy in Europe rests upon the cornerstone of NATO. The United States leads in adapting NATO to the changed security environment. At the April Washington Summit, President Clinton and Alliance leaders will issue a new strategic concept, a blueprint for NATO's future. The 21st century NATO we are building will be a larger, more flexible alliance, committed to collective defense, capable of meeting a wide range of threats to common alliance interests, and working in partnership with other nations and organizations to advance security, prosperity and democracy in and for the entire transatlantic area. It is our institution of choice when Europe and America decide to act together militarily.

On March 12, Secretary Albright will receive the instruments of accession to NATO by the Foreign Ministers of the Czech Republic, Hungary, and Poland, effectively completing the accession process. This is an historic step erasing the outdated divisions of the Cold War, ensuring security in Central Europe, and strengthening our Alliance. President Clinton will welcome for the first time the Heads of State of these three new members to our Alliance in April here in Washington. We are requesting a total of $25 million in FMF and $4.8 million in IMET to facilitate the efforts of these new allies to integrate their militaries fully into NATO. The enlargement of the Alliance is a natural consequence of the enlargement of a peaceful, undivided and democratic Europe. NATO's door remains

open to nations aspiring to membership, and the Alliance will be active in its efforts to help them walk through it.

But NATO is a central pillar of a much wider Atlantic community of shared risk and responsibility among increasingly secure and prosperous democracies. The Alliance will intensify its efforts to work jointly with all partner nations, regardless of their aspirations to membership, to extend security and stability throughout this broader community. NATO's Partnership for Peace program, its distinctive partnership with Ukraine, and NATO-Russia cooperation under the Founding Act and through the Permanent Joint Council, are all central elements of this broad approach to cooperative security.

For FY 2000, we are requesting $224.86 million in military and economic assistance to support our security objectives in Europe. Together with our requested assistance programs for Central Europe and the Baltic States ($393 million in SEED) and NIS ($1.032 billion in FSA), these funds will help to build a stable, free, undivided, integrated and democratic Europe.

FY 2000 Budget Request – European Security
(dollars in millions)

	FMF	PKO	ESF	IMET	Total
Partnership for Peace	56.200				56.200
Poland	10.000			1.600	11.600
Hungary	7.500			1.600	9.100
Czech Republic	7.500			1.600	9.100
OSCE (Bosnia/Croatia)		36.000			36.000
OSCE Kosovo		43.000			43.000
Europe Regional			10.000		10.000
Cyprus			15.000		15.000
Ireland			19.600		19.600
IMET (Regional)				15.260	15.260
Total	**81.200**	**79.000**	**44.600**	**20.060**	**224.860**

We are seeking approximately $71 million in military assistance to continue our support for other PFP participating countries. PFP's links between Central Europe or Baltic States and the West must be strengthened to reassure these countries of their place in the West, and to prevent any sense of a security vacuum. Links must also be strengthened with those PFP partners, many in the NIS, who are not now and perhaps do not anticipate becoming NATO members in the future. Both the United States and its NATO allies envision various enhancements to PFP to ensure its continued vitality. In addition to our assistance, the Department of Defense budget request contains funding for PFP activities conducted under DoD authorities. Collectively, these funds will continue support for the President's Warsaw Initiative, designed to support PFP -- as the road for some to NATO

membership, and as an essential vehicle to promote stability and security throughout Europe with those countries who do not envision joining NATO.

Beyond the stability that a strong NATO alliance affords Europe, however, there are areas of conflict that threaten to proliferate to neighboring countries. The peace brought about by the 1998 Good Friday accord in Northern Ireland remains fragile, and tensions between Turkey and Greece over Cyprus and other issues remain higher than we would like. The western Balkans continues to be a volatile region, despite tremendous progress in restoring peace to Bosnia and Croatia. The challenge of finding common ground between the Yugoslav Serbs and Albanian Kosovars looms large for the foreseeable future. And other areas, predominantly in the NIS, are struggling with difficult transitions to democracy and lingering ethnic rivalries.

Because the United States has a significant national security interest in furthering conflict prevention efforts in Europe and Eurasia, we are requesting $44.6 million in ESF and $79 million in PKO to support a variety of activities throughout the continent. Of the ESF, we have requested the traditional amounts of $15 million and $19.6 million, respectively, for Cyprus and Northern Ireland to support programs that facilitate cross-community cooperation between rival parties. We are also seeking an additional $10 million in regional ESF to manage conflict in the Balkans by supporting cease-fires, bolstering political settlements and democratic governments, demarcating borders, and managing spillover crises. Those ESF funds complement the request for $43 million in PKO that will be used to support the OSCE's Kosovo Verification Mission (KVM). The KVM will be responsible for verifying compliance with the cease-fire and other international commitments, monitoring human rights and police violations, and, more generally, exercising preventive diplomacy in the region.

NATO's cooperation with the OSCE, the EU, the UN and many NGOs on the Kosovo crisis underscores our interest in building synergistic relations between the mutually reinforcing institutions of the new Europe. It is a practical example that this new NATO is one important element of a larger effort to advance our mutual security, prosperity and democratic values through a broader and more effective Euro-Atlantic partnership for the 21st century.

The $36 million balance of PKO will help finance the OSCE's other extensive responsibilities throughout Europe and the NIS, including consolidation of a Bosnian peace consistent with the implementation of the Dayton Agreement and eventual withdrawal of SFOR troops. Our resources will facilitate the OSCE Mission to Bosnia in its ongoing efforts to support electoral reform and supervision, democratization human rights, and refugee return efforts. Additionally, funds will be devoted to supporting OSCE civilian police monitors in Croatia, parliamentary elections, legal reforms, and other democratization efforts. Finally, funding will support the OSCE's preventive diplomacy missions in Albania, Belarus, Chechnya, Croatia, Estonia, the Former Yugoslav Republic of Macedonia, Azerbaijan, Armenia, Georgia, Latvia, Moldova, Tajikistan, and Ukraine, as well as other OSCE preventive diplomacy, election monitoring, conflict prevention and peacekeeping missions.

B. Resolving Conflict and Securing Peace

Middle East Peace

Few areas of the world combine such political and strategic importance with such chronic instability as the Middle East. The U.S. must not only be prepared to react to an almost constant series of crises, but must also undertake policies and programs to prevent and limit future conflicts and to help change a region scarred by decades of instability into one where diverse peoples work to live in peace.

The FY 2000 request for the Middle East supports our most important and enduring objectives in the region: to help the parties achieve a comprehensive Arab-Israeli Peace; to maintain full and secure access to the energy resources of the Persian Gulf; and to ensure regional stability and the security of all regional partners, including the U.S. commitment to Israel's security and Qualitative Edge.

Our efforts to strengthen the peace process culminated in the October 23 Wye River Memorandum – an important milestone in the Middle East peace process that reflects Israeli Palestinian agreement on the basic land for security tradeoff. U.S. financial assistance for the parties is vital to ensure implementation of the Wye Memorandum, as well as to demonstrate U.S. support as both parties approach permanent talks status. For that reason, the President has included in the budget a three-year, $1.9 billion supplemental/advance appropriations request for Israel, Jordan, and the Palestinians, of which $900 million has been requested for FY 99 and $500 million each for both FY 2000 and FY 2001. Disbursement of Israeli and Palestinian components will be closely linked to parties' implementation of the agreement. To demonstrate U.S. commitment to Jordan's economic and military needs during this critical transition, the President has decided to move forward immediately on the $300 million Jordanian component of the Wye River package.

Although we have been putting special energy into the Israeli-Palestinian talks, we recognize that a real peace must be comprehensive. That means peace among Israel, Syria, and Lebanon, as well as peace between the Israelis and Palestinians. We are devoting time and energy to help Israel and Syria reach an agreement and want to see negotiations between Lebanon and Israel as soon as a favorable atmosphere develops. Our $5.7 billion security budget for the Middle East thus includes a range of programs:

FY 2000 Budget Request – Middle East Security
(dollars in millions)

	FMF	ESF	PKO	IMET	Total
Israel	1,920.000	930.000			2,850.000
Egypt	1,300.000	715.000		1.000	2,016.000
Jordan	75.000	150.000		1.600	226.60
Lebanon		12.000		.550	12.550

	FMF	ESF	PKO	IMET	Total
Con't.					
West Bank-Gaza		100.000			100.000
Other ME	5.500		1.000		6.500
MFO-Sinai			16.000		16.000
IMET				2.650	2.650
Jordan Supp.	50.000	50.000			100.000
Wye: Israel	300.000				300.000
Wye: WB-Gaza		100.000			100.000
Total	**3,650.500**	**2,057.000**	**17.000**	**5.800**	**5,730.300**

Israel and Egypt

As in past years, support for the Middle East Peace Process commands the largest share of the FY 2000 International Affairs budget. The Administration seeks economic and military support for Israel and Egypt to meet the legitimate security needs of these countries and to promote continued economic reform and broad-based economic growth. Our assistance is intended to strengthen a free and democratic Israel, as well as to facilitate a negotiated peace and stability in the region. U.S. assistance to Egypt reinforces its moderating influence in the region and helps it play a crucial role in the negotiation process.

Through our diplomatic engagement and financial assistance, we must maintain the conditions necessary for resolution of long-standing conflicts. We must help Israel and her neighbors implement existing peace agreements and conclude new ones to move us closer to our common goal.

The Multilateral Force and Observers (MFO) is an important part of the peace between Egypt and Israel. In addition to an established system to monitor treaty compliance, the MFO offers an effective liaison system between the Egyptian and Israeli defense forces. The United States has a firm political commitment to finance one-third of the annual MFO budget, with the other two-thirds provided by Israel and Egypt. This operation demonstrates to all the parties in the peace process that security arrangements and confidence building measures are a viable alternative to military occupation of strategic territory. The Egyptian-Israeli Peace Treaty and its security arrangements monitored by the MFO are cornerstones of the Middle East Peace Process.

The U.S. is committed to maintaining Israel's qualitative edge. Toward this end, our $1.92 billion FMF request will allow Israel to continue funding for major multi-year procurement and follow-on support programs for F-15 and F-16 fighter aircraft, combat systems for the SAAR-V corvettes, avionics upgrades, AIM-120 missile, Multiple-Launch Rocket Systems, and support for Israel's Apache and Blackhawk helicopter squadrons. Other objectives include long-term initiatives, such as the "Arrow" Anti-Tactical Ballistic Missile (ATBM) program and other missile defense programs.

ESF provides Israel the funds it needs to promote economic reforms and encourage economic growth. ESF also ensures steady progress to reduce the fiscal deficit, lower trade barriers, and institute policies designed to decrease the budget deficit.

Egypt is the most prominent player in the Arab world and a key U.S. ally in the Middle East. A strong relationship with Egypt affords us political and security benefits that no single other Arab state can provide. The U.S.-Egyptian relationship is one of shared regional and international interests, including the pursuit of Arab-Israeli peace, regional development, international stability and peacekeeping, and the stemming of terrorism. Located astride one of our most direct lines of communication to the Persian Gulf, Egypt routinely expedites USAF overflights via its airspace and U.S. naval vessels and battle groups that transit the Suez Canal. Our military aircraft and vessels also regularly utilize Egyptian airfields and port facilities for enroute support and maintenance. Equally important, Egypt provides invaluable friendly geostrategic depth immediately to the rear of our armed forces facing potentially hostile Iran and Iraq in the Gulf.

Our FY 2000 FMF request will allow Egypt to continue five major programs -- armor modernization, F-16 and Apache aircraft purchases, Hawk modernization, and frigate procurements. Funding will also allow for upgrading of secondary systems and increasing concentration on interoperability and sustainment of U.S.-origin equipment. Supporting such modernization is crucial to maintaining the military balance in the region. Egypt is the only friendly Arab state capable of making a strategically meaningful military contribution to any future regional coalition combat operation -- demonstrated by the Egyptian commitment to Desert Storm -- and strengthening the security of those states at the forefront of the Peace Process.

ESF-funded programs target infrastructure development and policy reforms essential to basic economic growth. We work closely with the Egyptian government to encourage policy reforms that promote macroeconomic growth and support structural change in the agricultural, trade, environmental, and financial sectors. ESF-funded programs are heavily involved in infrastructure development, including water, sewers, electricity and telephones. Our assistance also helps Egypt in developing its tourism sector, protecting the environment, and preserving Egypt's priceless antiquities and monuments.

Furthermore, we continue to encourage privatization of Egypt's public sector enterprises and promote private sector investment and trade in a market-oriented framework. Reform-generated economic growth will contribute to internal stability essential to Egypt's important role in the Middle East peace process, regional stability, and opposition to extremism.

West Bank and Gaza

Central to U.S. support for the Middle East Peace Process is facilitation of Israeli-Palestinian implementation of the Interim Agreement of September 1995. The United States is fully committed to supporting these processes, and to enabling the Palestinian Authority to increase its economic growth and to advance democratic institutions in the

West Bank and Gaza. Stable economies in the West Bank and Gaza are vital to the viability of new political structures, including the new, democratically elected Palestinian Legislative Council. With these economies now severely depressed, the Palestinians need extensive economic assistance to help them create effective institutions of self-rule and to translate the peace agreements into real and lasting changes on the ground.

The need for economic assistance is clear: per capita income is estimated to have declined by about one-third since 1992, and unemployment hovers around 22 percent. It is vital that the Palestinians in the West Bank and Gaza realize tangible benefits from the new political realities made possible by the Interim Agreement and other Israel-PLO accords. In the longer term, economic stability is a vital guarantee for the viability of the new Palestinian entity in the West Bank and Gaza Strip.

To provide a stable foundation for long-term prosperity and self-rule, the Administration is requesting $100 million in ESF for programs that stress economic development based on private sector activity and regional economic cooperation. Assistance programs focus on improving access to scarce water resources, expanding economic opportunity, and facilitating responsive and accountable governance. The U.S. will also work through international donor assistance structures to continue the international effort to provide economic assistance to the Palestinians; donors have provided about $1.8 billion of the $3.6 billion in economic assistance pledged to date.

Jordan

The United States remains steadfast in its commitment to Jordan under King Abdullah. Our assistance provides tangible support for Jordan's central role in the peace process as the new King endeavors to pursue the bold, courageous policies of King Hussein. Our assistance programs are designed to expand and deepen Israeli-Jordanian ties while enhancing Jordan's economic stability, promoting its economic development, and building its military capabilities.

U.S. military assistance augments Jordan's important role in contributing to the peace and security of the region and supports Jordan as it enforces UN sanctions against Iraq. Our FY 2000 FMF request of $75 million will be used to assist the Jordanian Armed Forces in improving readiness through modernization and sustainment of its aging inventory of military equipment. This includes refurbishing, or as necessary replacing, wheeled and tracked vehicles and Cobra helicopters, replacements for components of its anti-armor capability, upgrades to HAWK anti-aircraft batteries, and upgrades for its passive defense against WMD attacks.

The $150 million ESF request will fund programs aimed at eliminating threats to Jordan's economic growth, including a major financing gap resulting from inadequate foreign exchange earnings and an increasingly serious water shortage. Our assistance efforts will also continue to encourage Jordan's economic liberalization process, including the provision of technical assistance to support areas such as customs reform and

investment promotion. These efforts bore fruit in 1997 with the adoption of new laws on companies and securities and the elimination of remaining foreign exchange restrictions.

Water shortages are a problem that threatens to become a national catastrophe within the next decade. A significant portion of our economic support program is directed toward water conservation and improved water resources management. USAID is supporting Jordan's 14-year, $5 billion priority water investment plan and is heavily engaged in improving wastewater management.

Lebanon

The United States interest in helping Lebanon become peaceful and prosperous rests in the important contribution it can make to stability and a comprehensive peace in the Middle East. For this reason, the U.S. has publicly committed to support Lebanon's reconstruction and national reconciliation following 16 years of civil war. Our FY 2000 budget includes a $12 million in ESF for Lebanon to support the reconstruction of basic infrastructure, including water, electricity, telecommunications, and the rehabilitation of housing in areas hard hit by war and intense poverty. It will also assist the government to reform its social services and train civilian administrators, thereby increasing the citizenry's confidence in government's capabilities and authority. Finally, these funds will support the American University of Beirut and the Lebanese American University, which provide the intellectual capital for Lebanon's longer-term development.

Our FY 2000 request also includes PKO funding to support the Israel-Lebanon Monitoring Group (ILMG), a multilateral confidence-building mechanism that allows Israel and Lebanon to address disputes arising from violations of the April 26, 1996, Understanding brokered by then-Secretary Christopher. The Understanding prohibits armed groups from carrying out attacks into northern Israel and from its parties' targeting civilians or using civilian populated areas for launching attacks. In the absence of formal peace agreements among Israel, Syria and Lebanon, the Monitoring Group promotes stability in the volatile southern Lebanon region by helping to limit civilian casualties and by providing an important confidence building forum for all parties. The ILMG is the first face-to-face setting in which all parties to the conflict can quickly address specific grievances instead of resorting to military escalation. The Group's ability to convene rapidly after an alleged violation of the Understanding and its success in issuing unanimous recommendations to enhance compliance with the Understanding have earned it credibility and support in the region.

C. Other Regional Security Programs

Beyond our significant efforts to promote regional security and stability in Europe and the Middle East, we are also requesting funds to achieve similar goals around the globe. Our FY 2000 request for IMET funds will support ongoing programs with over 120 nations world-wide, where we are working to professionalize the military structure, improve military operational and technical skills, and promote respect for civilian control of the

military and human rights. Additionally, we are requesting a small amount of funds to support U.S. initiatives for promoting Asia regional confidence-building measures to encourage defense transparency and dialogues. These and other program levels are depicted in the following table and discussion.

FY 2000 Budget Request: -- Other Regional Security Programs
(dollars in millions)

	FMF	PKO	ESF	IMET	Total
Africa	10.000	28.000	2.000	8.480	48.480
Western Hemisphere	3.000	6.000	20.000	10.085	39.085
South Asia				1.775	1.775
E. Asia & Pacific			.250	5.400	5.425
EIPC	5.000				
Total	**18.000**	**34.000**	**22.250**	**25.740**	**99.990**

Africa

We are requesting approximately $48.5 million to support a variety of regional security programs for Africa. FY 2000 will represent the fourth year of funding the African Crisis Response Initiative, for which we are requesting $5 million in FMF and $15 million in PKO. These funds continue our efforts to constitute rapidly-deployable African peacekeeping units that can operate jointly in a humanitarian crisis or a traditional peacekeeping operation. To date, we have completed various stages of training with Senegal, Uganda, Malawi, Mali, Ghana, and Benin, and are poised to begin training with Cote d'Ivoire. Our long-term goal is to create a self-sustaining peacekeeping capability of between 10,000 –12,000 African peacekeepers.

We are also requesting $13 million in the Africa regional peacekeeping account to address ongoing efforts to restore peace and eliminate rebel atrocities in Sierra Leone, as well as promote peaceful relations in a variety of hotspots such as the Great Lakes region and the Horn of Africa. The $2 million ESF request will focus upon maintaining the readiness of the Organization for African Unity's (OAU) Conflict Management Center and observer force, and supporting actual OAU efforts to facilitate peaceful settlement of conflicts on the continent. Finally, $5 million in FMF will support the efforts of select East African nations to enhance their ability to counter the terrorist and rebel threats from neighboring Sudan.

Western Hemisphere

In the Americas, we will look to consolidate the achievements made over the past several years in securing peaceful resolutions to domestic and regional conflicts. As importantly, we seek to work with our hemispheric partners to stem the destabilizing

effects of drug and small arms trafficking, terrorism, and other manifestations of transnational crime. We will continue our modest $3 million FMF program to assist Caribbean nations in improving their coast guard, disaster response, and internal defense capabilities. In Haiti, we want to ensure stability after the departure of the UN Civilian Police Mission in Haiti (MIPONUH). To do this, we will work with our international partners to establish a structure that will continue progress in developing a professional and competent Haitian National Police. Our $6 million request will support this effort as well as that of the OAS to continue human rights monitoring.

In South America, we have achieved a longstanding US goal of helping Ecuador and Peru negotiate a peaceful settlement to their border dispute. We want to solidify the chance for regional stability made possible in the October 26, 1998, agreement by assisting Peru and Ecuador to fulfill the border integration commitments, as well as facilitating economic development and integration between the two countries. We have requested $20 million in FY 2000 ESF to further this objective.

Enhanced International Peacekeeping Capabilities

Finally, the FY 2000 budget seeks $5 million in military assistance to enhance the capabilities of other countries that contribute to international peacekeeping operations. The Enhanced International Peacekeeping Capabilities (EIPC) is a global initiative which seeks to improve the peacekeeping interoperability and readiness of selected countries that have demonstrated significant potential for greater contributions to international peacekeeping operations. Countries considered for this initiative are those that possess the political commitment for international peacekeeping; budget adequate national resources for peacekeeping activities; and have a competently trained, proficient, and experienced peacekeeping force.

While most regional initiatives focus on rapidly energizing near-term military peacekeeping capabilities, EIPC is aimed at enhancing the country's intellectual and doctrinal basis and the training base infrastructure. EIPC assistance will facilitate host nation design and implementation of a comprehensive and internationally interoperable peacekeeping/ humanitarian assistance training and education program. Key components of EIPC development include communications systems, education program training aids and equipment, and procedural and doctrinal interoperability, including possible provision of selected specialized equipment and spare parts.

Demining

Mr. Chairman, U.S. support to worldwide humanitarian demining is one of the most important humanitarian initiatives this Administration has undertaken. The United States has a compelling interest to promote regional security, political stability, and economic development by reducing civilian landmine casualties and their tragic human, social, and economic costs in war-torn countries.

Landmines emplaced during past conflicts now constitute a scourge that kills or maims thousands of people each year, impeding political reconciliation and the return of land and people to productive economic activities. As part of the U.S. commitment to this global problem, Secretary Albright and Secretary Cohen announced in October 1997 a major new presidential initiative to ensure that civilians in every country on every continent are secure from the threat of land mines by the end of the next decade.

A primary objective of the President's Demining 2010 Initiative is to accelerate international demining operations and to stimulate substantially increased resources internationally, both from other governments and the private sector. The scale and urgency of the problem requires significant increases in global resources devoted to identifying and clearing mines, and in developing new technologies. In addition, there is a need to expand efforts to heighten awareness among vulnerable populations , especially children.

To support this commitment and build on our significant and successful experience in U.S. humanitarian demining program, the Administration is requesting $40 million for demining in FY 2000 under the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account. Our humanitarian demining program is currently supporting demining programs in 24 countries and will expand into as many as 5 or 6 new programs next year. Additionally, we are continuing assessments of the need and threat in dozens of other mine-affected countries.

The increase in funding will demonstrate the commitment of the United States to rid the world of anti-personnel landmines and serve as a stimulus to other governments, international organizations, non-governmental organizations, and the private sector to increase their commitment and contributions toward global humanitarian demining.

D. Nonproliferation and Disarmament

With the dissolution of the Soviet Union, the proliferation of weapons of mass destruction, and advanced conventional weapons continue to pose serious challenges to the security of the United States and our allies. Arms control and nonproliferation efforts remain an important part of our foreign policy strategy to keep America safe.

The objectives of our nonproliferation programs are to reduce the risk of war by limiting and reducing destabilizing forces, inhibiting the spread of weapons of mass destruction and delivery systems, and building confidence through measures which enhance transparency and verification of compliance with national commitments. In addition to enhancing our security directly, these measures also support other important U.S. interests, including economic and political reform in Russia and the other newly independent states, our economic interests in Asia and the Pacific, and our broader political efforts to resolve long-standing disputes in the Middle East and South Asia.

The Administration's FY 2000 budget request of $148 million in the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account for this objective

consists of five elements: funding for the Nonproliferation and Disarmament Fund; voluntary contributions to the Korean Energy Development Organization and the International Atomic Energy Agency; export control assistance; and funding for the CTBT Preparatory Commission.

The Administration is also requesting $241 million in Freedom Support Act funding for the Expanded Threat Reduction Assistance Initiative (ETRI) to address the security implications of the economic crisis that adversely impacted Russia and other NIS countries over the past year. This $241 million, along with $9.5 million in NADR export controls and contributions from DoD and DoE, will comprise the $1 billion the President is asking for this effort. Our ETRI programs will contribute to the economic transition and infrastructure reforms, as well as to reducing risks of proliferation of weapons of mass destruction, weapons delivery systems, materials, technology, and scientific and technological expertise.

FY 2000 Request – Nonproliferation and Disarmament
(dollars in millions)

Program	Request
Nonproliferation and Disarmament Fund	15.000
Export Control Assistance	15.000
IAEA Voluntary Contribution	43.000
KEDO	55.000
CTBT Preparatory Commission	20.000
Total	**148.000**

Nonproliferation and Disarmament Fund (NDF)

The Nonproliferation and Disarmament Fund (NDF) is a sharply focused fund to permit rapid response to unanticipated, high-priority requirements or opportunities to: (1) halt the proliferation of nuclear, biological, and chemical weapons, their delivery systems, and related sensitive materials; (2) destroy or neutralize existing weapons of mass destruction, their delivery systems, and related sensitive materials; and (3) limit the spread of advanced conventional weapons and their delivery systems. To support these requirements, the Administration is requesting $15 million for the NDF in FY 2000.

Export Control Assistance

The Export Control Assistance program strengthens national export control systems in key countries -- many of which only recently became independent -- to curb the proliferation of WMD and their delivery systems, related dual-use goods and technologies, as well as advanced conventional arms. To this end, the export control assistance program helps foreign governments to:

- establish the necessary legal and regulatory basis for effective export controls;

- coordinate, train, and equip enforcement agencies;
- develop licensing procedures and practices;
- establish effective interaction between government and industry on export controls;
- develop and install integrated, automated information systems for licensing and enforcement; and
- reinforce to policymakers the importance of developing and maintaining an effective system for controlling exports.

The Administration is requesting $15 million in export control assistance to target high-priority states of the New Independent States and other countries requiring strengthened national export control capabilities to effectively implement their national policies and international obligations. These include the Baltics; Central and Eastern Europe; and key global transit points (i.e., Singapore, Hong Kong, Taiwan, Cyprus, Malta, Jordan, and the UAE). The requested amount represents a $6 million increase over $9 million in anticipated actual obligations for export control activities in FY 1999. The increase is needed to address the greater global need for export control assistance. Funds will support a variety of activities, including equipment and training to detect WMD materials; development of automated export licensing and enforcement systems, including software and equipment; and training for border enforcement and export licensing officials. Particularly important are those programs designed to improve border enforcement capabilities by automating Customs and border enforcement operations, the design and installation of the "Tracker" automated export licensing system in the Southern Tier, and training for officials of key global transit points.

The greatest need for export control assistance continues to be in the Newly Independent States. The economic crisis that affected these states over the past year has increased the risks of weapons proliferation through already porous borders. In response, the President has requested an additional $51.5 million in export control assistance funding for the NIS as part of the Expanded Threat Reduction Initiative (ETRI). As with the NADR funding for NIS countries in FY2000, much of the ETRI increase would be directed toward enforcement-related training and equipment. However, depending on individual countries' capabilities, ETRI resources also could be directed toward developing appropriate legal authorities and licensing capabilities.

International Atomic Energy Agency (IAEA)

The IAEA serves as a critical bulwark against the further spread of nuclear weapons. Through its program of international safeguards, the IAEA helps to ensure that nuclear materials and facilities are used exclusively for peaceful purposes. The IAEA also promotes peaceful uses of atomic energy, principally in non-power applications such as medical, agricultural, and industrial application of radioisotopes, but also including nuclear power, nuclear safety, radiation protection, and waste management. Both safeguards and the technical cooperation program support and strengthen the U.S. nonproliferation goals.

The Administration is requesting $43 million for the U.S. Voluntary Contribution to the IAEA; a $3 million increase over FY 1999. This increase is driven largely by the

requirement for additional and new kinds of safeguards equipment as the IAEA implements measures to strengthen safeguards recently approved by its Board of Governors. The request is also based on increases in the quantities of excess nuclear material under safeguards in the U.S.; and the U.S. goal to support a growing IAEA effort to improve the safety of nuclear reactors world-wide as well as the safety consciousness of reactor operators. Furthermore, the increase seeks to restore funding to U.S.-controlled technical cooperation programs we use to promote the NPT. These programs have suffered from sharply declining funding since FY 1995 due to budget constraints and other priorities.

Korean Peninsula Energy Development Organization (KEDO)

The United States, Japan and the Republic of Korea (ROK) established KEDO on March 9, 1995, to implement the Agreed Framework between the U.S. and the Democratic People's Republic of Korea (DPRK), signed on October 21, 1994. KEDO is responsible for arranging the financing and construction of two light-water reactors (LWRs) in North Korea and for providing annual shipments of heavy fuel oil (HFO) to the DPRK until completion of the first LWR.

The implementation of major elements of the Agreed Framework by KEDO is vital to U.S. security interests in Northeast Asia. The Agreed Framework is the primary means of ensuring: (1) the complete dismantlement of the DPRK's nuclear weapons capability; and (2) North Korea's full compliance with its nuclear nonproliferation obligations. KEDO and the Agreed Framework also provide an important mechanism to promote North-South Korean dialogue and a vehicle for the U.S. to discuss other issues of bilateral concern with the DPRK, such as North Korea's missile development and sales and the return of remains of U.S. servicemen from the Korean War.

KEDO remains dependent on the U.S., along with the ROK and Japan, for funding to continue to fulfill its important mission. The U.S. will continue to play the primary role in funding HFO shipments, while the ROK and Japan will continue to bear the major responsibility for the LWR project. The European Union will also provide significant funding to KEDO. We will continue to use our participation in KEDO to promote and maintain peace and security on the Korean Peninsula, primarily by ensuring full DPRK compliance with its nonproliferation obligations.

As of December 31, 1998, the U.S., Japan, the ROK and 20 other countries and the European Union had contributed over $297 million to KEDO. (This amount does not include pledged future contributions such as an EU commitment to provide $15 million ecu -- about $16 million -- annually for five years.) The U.S. contributed a total of $146.5 million in FY 95-98 for KEDO and its activities in support of the Agreed Framework. This includes approximately $28 million for the safe storage of the DPRK's spent nuclear fuel. Thus far, the ROK has contributed $17.12 million plus a $45 million loan for the LWR project, while Japan's contribution amounts to $35.3 million, including a $19 million special contribution fund used as collateral for KEDO HFO-related loans.

The bulk of our FY 2000 request for $55 million will help finance KEDO's provision of heavy fuel oil to the DPRK and pay the U.S. share of KEDO's administrative costs. In addition, our request is designed to reduce, and if possible eliminate, KEDO's HFO indebtedness, which had reached almost $50 million in 1997 and still totals about $22 million. Clearing this debt burden will reduce KEDO's costs and, by facilitating a more orderly schedule of HFO shipments, will increase our leverage to ensure North Korean compliance with the Agreed Framework. The U.S. contribution is also necessary to demonstrate U.S. leadership and to supplement and leverage contributions from other countries. Without this funding, KEDO will not be able to operate or carry out its objectives, thereby weakening the credibility of U.S. leadership, jeopardizing the implementation of the Agreed Framework, and contributing to rising security tensions on the Korean Peninsula. Full funding of this request is the best way to promote U.S. objectives for peace, security, and nuclear nonproliferation in Northeast Asia.

Comprehensive Test Ban Treaty Preparatory Commission

The Comprehensive Test Ban Treaty (CTBT), a principal component of the Administration's nuclear arms control and nonproliferation policy, prohibits all nuclear test explosions. President Clinton signed the Treaty on September 24, 1996, the day it was opened for signature, and transmitted it to the Senate on September 22, 1997 for advice and consent to ratification. As of February 1999, 152 states have signed the CTBT and 29 have ratified.

The initial signatories of the CTBT established a Preparatory Commission (Prepcom) to carry out the necessary preparations for the effective implementation of the Treaty at its entry into force. The CTBT Prepcom is responsible for establishing the International Monitoring System, a global network of 321 stations to monitor nuclear testing. The IMS provides access to critical regions. For example, 31 stations will be in Russia, 11 in China, and 17 in the Middle East, including 4 in Iran. This global network is linked through the Global Communications Infrastructure to the International Data Centre, located in Vienna, Austria.

The cost of the Prepcom is shared by its members, with other nations paying for about 75% of the costs. The U.S. share for CY 1998 was $14.781 million, of which FY 1998 funds paid $6.463 million, leaving the $8.318 million balance to be paid from FY 1999 funds. The U.S. share for CY 1999 is $16.2 million. The United States has taken a leadership role in the Prepcom to ensure that the Treaty is effectively and efficiently implemented at the most reasonable cost to its parties. To this end, in anticipation of a larger CY 2000 Prepcom budget, the Administration is requesting $20 million for its CY 2000 requirements. These funds will support the ongoing investments in the verification regime as the building program has achieved a larger scope, following the initial years of the program.

II. PROMOTING DEMOCRACY, HUMAN RIGHTS, ECONOMIC DEVELOPMENT and OTHER U.S. GOALS

The United States has a strong stake in strengthening democratic development globally. The intensity of U.S. engagement will vary. In countries such as Haiti, where the United States has invested significant resources and international leadership, economic assistance will continue to support programs to sustain the democratic transition with a high level of engagement.

In other countries in transition, economic assistance addresses a full range of problems through an integrated strategy, including balance of payments and other economic support measures designed to create employment and conditions conducive to international investment and trade. It supports programs that address environmental issues and nurture democratic institutions and a vibrant civil society. Economic assistance also finances programs to enhance the administration of justice and rule of law, as well as police training and technical assistance administered by the Department of Justice.

Through regional accounts, ESF supports carefully targeted programs to assist democratic forces in new or threatened democracies, and, in some cases, programs designed to strengthen pro-democratic forces. Typical areas of assistance include technical assistance to administer and monitor elections, capacity-building for non-governmental organizations, judicial training, and women's participation in politics. For FY 2000, the Administration is seeking $424.40 million for a range of programs to help strengthen and consolidate democratic processes and institutions in countries that have recently embarked on a democratic course, or where democracy is threatened.

FY 2000 Request – Support For Democracy
(dollars in millions)

	ESF Request
Africa	**71.000**
Liberia	1.500
Sierra Leone	1.500
South African Development Community Initiative	1.000
Safe Skies	2.000
Great Lakes Initiative	10.000
Education for Development and Democracy	15.000
Africa Regional	9.000
Regional Organizations	1.000
Partnership for Economic Growth and Opportunity	2.000
Governments in Transition	28.000
South Asia	**19.650**
South Asia Democracy	8.825
South Asia Regional	10.825
East Asia & Pacific	**116.250**
Cambodia	20.000
Mongolia	12.000

East Asia Regional	9.250
Indonesia	5.000
Philippines	5.000
Asia Regional	6.000
Regional Financial Crisis	26.500
Asia/Pacific Environmental Initiatives	10.000
Burma	3.500
Regional Women's Issues	5.000
South Pacific Fisheries	14.000
Western Hemisphere	**140.500**
Guatemala	25.000
Haiti	70.000
Western Hemisphere Regional	35.500
AOJ/ICITAP	10.000
Middle East	**36.000**
Middle East Democracy	7.000
US – North Africa Partnership	5.000
Middle East Regional	10.000
Iraq Opposition	10.000
Middle East Multilaterals	4.000
Human Rights and Democracy	**10.000**
Holocaust Victims Trust Fund	**11.000**
Environmental Initiatives	**15.000**
No Sweat Initiative	**5.000**
Total	**424.400**

For FY 2000, we are requesting $70 million for Haiti, where unemployment, hunger and poverty continue to plague the largely rural populace. With this assistance, we will continue to press the government to privatize state-owned industries and promote economic growth by improving access to micro-enterprise credit, expanding agricultural production projects, and promoting sound environmental resource management and sustainable economic growth. Funds will also target education and health sectors in an effort to improve nutrition and child survival rates. Finally, we will press for full restoration of the legislative branch and help foster more effective and responsive democratic institutions, including an independent judiciary.

We are also seeking $354.40 million in military and economic assistance funds to advance important democratic gains in Latin America, Africa, the Middle East, South and East Asia. The requests by region include:

- *Middle East* - $36 million to support movement toward democratic political processes, adoption of the rule of law, greater respect for human rights, higher status for women, and expansion of civil society institutions through programs managed by local and U.S. NGOs in countries of the region currently receiving little or no Peace Process-related assistance; as well as providing $10 million to expand ongoing efforts to support Iraqi

opposition groups. By their very nature, these programs also support the broader goal of promoting regional security.

- *Western Hemisphere* - $70.5 million, including $25 million to support the peace process in Guatemala; $35.5 million for regional democracy-building programs; and $10 million for activities to support the Administration of Justice throughout the region.

- *Africa* - $71 million, including $28 million for a new Countries in Transition initiative; $15 million to support the Education for Development and Democracy in Africa program; $10 million for the Africa Great Lakes Initiative designed to prevent further conflict in this region of Africa; $2 million for the Partnership for Economic Growth and Opportunity (PEGO) program, the Administration's primary vehicle for fostering African integration into the global economy; $1.5 million each for Sierra Leone and Liberia to support ICITAP training; $2 million for a Safe Skies effort to enhance the safety and reliability of air transport in Africa; and $9 million for regional initiatives, including democracy programs.

- *East Asia* - $116.25 million, including $20 million for democracy and humanitarian programs in Cambodia; $26.5 million -- leveraged with a similar amount of funding from the DA account -- for the Asian economic recovery initiative; $10 million for a regional environmental initiative to support our global climate change goals and to combat forest and marine/coastal zone degradation; $5 million to advance programs for dealing with violence against women and promoting their political participation; $3.5 million to work with NGOs on democracy building and humanitarian programs in Burma and on the Thai-Burma border; $12 million for Mongolia to strengthen its private sector economy and to broaden democratic reforms; $5 million for Indonesia to provide basic support for local elections scheduled for mid-2000; $5 million for the Philippines to initiate critical health and nutrition programs for the increased number of "most vulnerable" target groups as a result of the Asian financial crisis; and $6 million for regional democracy-building programs. The request also includes $14 million for our traditional level of support for the South Pacific Fisheries Treaty.

- *South Asia* - $19.6 million, including $8.8 million for the Regional Democracy Fund that provides critical support to strengthen democratic institutions and the non-governmental community, the rule of law, and mechanisms to ensure adherence to human rights throughout the region, as well as $10.8 million to promote broad-based economic growth through micro-finance programs for women, improving the administrative skills of city managers, and energy resource management.

- *Environmental Diplomacy* - $15 million for environmental diplomacy activities. These funds will be used for targeted activities in support of ongoing international negotiations on global environmental issues, including climate change; biodiversity; the production, use and trade of hazardous chemicals; and numerous bilateral and regional fisheries and oceans negotiations. Funds will also be used to support regional cooperation efforts and respond to emerging environmental crisis and priorities.

- *Holocaust Fund* - $11 million for the third tranche of the U.S. government's $25 million contribution to a multilateral effort of financial relief to certain victims of Nazi persecution during World War II.

- *Human Rights and Democracy Fund* - $10 million for the Human Rights and Democracy Fund that to protect and promote human rights and democracy, and to respond to human rights and democratization crises around the world. The fund has been used to support the Dayton Accords and to promote democratic elections, rule of law, civil society and women's political participation.

- *"No Sweat" Initiative* - $5 million for this new child labor protection initiative, a U.S. government effort to eliminate unsafe, unhealthy, or abusive labor conditions, particularly in foreign factories that produce consumer goods for the American market.

Conclusion

Let me conclude by saying that the funding that we are requesting directly increases the security of Americans and advances our direct interest in a stable, peaceful and prosperous international system. We undertake these programs to achieve specific objectives, each of which can be measured in terms of their successes, and each of which makes America and the world safer. U.S. security depends on the strengthening of our alliances, resolving regional conflicts, limiting the proliferation of destabilizing weapons, and assisting democratic forces in emerging or threatened democracies.

Foreign assistance is an essential tool to pursue American interests abroad and our security at home. Without adequate funding, strong American leadership in the world and our ability to protect our vital interests will be at risk. Strengthening our diplomatic efforts to address these threats now will help avoid the far greater costs, in lives as well as resources, of military interventions later. The support of this Committee is essential to achieving those goals, and we are ready to work closely with the Committee and staff to fully address any concerns and questions that you and they may have.

Mr. Chairman, I wish to thank the members of the Committee for the opportunity to address you on the FY 2000 security assistance budget, and would be pleased now to answer any questions you may have.

Mr. CALLAHAN. Mr. Bodner.

MR. BODNER'S OPENING STATEMENT

Mr. BODNER. Thank you, Mr. Chairman. Members of the committee, I appreciate this chance to talk to you this morning about U.S. security assistance programs and how they benefit American national security interests. Mr. Chairman and Representative Pelosi, your leadership and the support of the rest of the committee provide us with the tools that we need to protect and promote American national interests by shaping the world environment, not simply reacting to it.

Enhancing the capabilities of our friends and our allies to address conflicts, humanitarian crises, and natural disasters makes it less likely that American forces will be called upon to respond to regional problems, and it also limits their involvement when they are called upon.

Security assistance programs help to ensure that when we do employ our forces, foreign militaries can work with them more efficiently and effectively rather than being hobbled by mismatched equipment, communications and doctrine.

Our engagement activities promote the principles of democracy, respect for human rights, and the rule of law. And indeed, one of our most cost-effective security assistance programs, and some would say the most cost-effective security assistance program, is the International Military Education and Training program. IMET provides foreign military and civilian defense officials professional education opportunities at senior service staff colleges, as well as technical training in areas such as maintenance and aircraft engine repair. By doing so, the IMET program fosters military-to-military relationships and promotes military professionalism in foreign militaries. These benefits are key to our gaining cooperation of others to conduct combined operations as well as to improving their ability to defend themselves and operate with each other. IMET training also ensures that small unit and field commanders know how to conduct operations in ways that are both effective and respectful of human rights.

These traditional military education and training programs account for about 70 percent of the IMET program. The remaining 30 percent is conducted under the Expanded IMET program, which focuses on issues such as responsible management of defense resources, civilian control of the military, and improving the military justice systems so they accord with international standards of human rights.

This year the administration is requesting $52 million for IMET for fiscal year 2000, which is a $2 million increase over fiscal year 1999. This increase would be devoted primarily to our programs in central Europe, both to support the three new members of NATO and to support the Partnership for Peace program. We also propose to restart our IMET program with Nigeria.

The political and military benefits of the IMET program are the main reason why this year we are also requesting that IMET funding be extended to Pakistan—we appreciate the comments that you made Ms. Pelosi. In addition, we recommend extending full IMET to Guatemala and Indonesia.

In each of these cases we do believe that IMET contacts will promote democratic values and be effective tools for achieving our national security and our foreign policy objectives, including greater adherence to international standards of human rights. Allowing the administration to offer these traditional IMET courses will help to reform these militaries by exposing a new generation military officers and a broader spectrum of students—to our standards of military professionalism.

Let me briefly address the military training report that Ms. Pelosi discussed. It was directed by Congress last year that DOD and State Department together produce a report. We submitted that report on Friday. We briefed members of your staff about it. The report documents extensively the more than 52,000 education and training activities that were undertaken in fiscal year 1998 and that we project to undertake in fiscal year 1999.

During the briefing, members of your staff asked a number of questions, and we are in the process of addressing them. In particular, I want to assure the subcommittee that we are reviewing the classified annex on JCETs and CINC activities and will declassify as much information as possible and produce those as quickly as possible.

Ms. PELOSI. I appreciate that.

Mr. BODNER. As you know, a vast majority of our security assistance funding, of course, is in the FMF program, the Foreign Military Finance program. This supports our security goals by enabling key friends and allies to improve their defense capabilities by financing the acquisition of U.S. military articles, services and training. And I just would like to emphasize that there has never been doubt that the FMF program also promotes U.S. national security interests by strengthening coalitions with friends and allies, cementing cooperative relationships with foreign militaries, as well as enhancing the interoperability of U.S. forces with those foreign militaries.

This year we are requesting $3.43 billion for Foreign Military Finance, which is an increase over the 1999 appropriation of $80 million. As you mentioned, Mr. Chairman, the overwhelming bulk of the request for FMF is to support regional peace efforts in the Middle East. When you take into account the increases proposed for Israel and Jordan, FMF for countries outside the Middle East will decrease by $10 million compared to the fiscal year 1999 level. Of the portion that will not be devoted to the Middle East, the largest recipients will be the three new members of NATO to facilitate their integration into the alliance.

In addition, the request that we are proposing will allow us to continue our support for the Partnership for Peace program, help sustain a small professional defense and maritime force in the Caribbean, and bolster African countries' capabilities to conduct limited peace and humanitarian missions.

Finally, I would note that FMF money is used to purchase U.S. military equipment and services, and that means that American workers as well as the defense industrial base benefit from our security assistance program.

These various programs I have just outlined are truly critical to our national security agenda, and they are critical tools in pro-

moting our national interests around the world. Security assistance directly works to benefit U.S. taxpayers, and there is a genuine linkage between the activities that we conduct under the program and the interests of average Americans. We genuinely believe that the dollars spent to enhance the defense capabilities of our friends and allies to improve their interoperability with U.S. forces and with each other yield benefits to the American people far in excess of the cost, and I urge you to support the request we are making. I appreciate the chance to talk to you this morning.

Mr. CALLAHAN. Thank you.

[The information follows:]

MR. JAMES BODNER
PRINCIPAL DEPUTY UNDERSECRETARY OF DEFENSE FOR POLICY
TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE,
FOREIGN OPERATIONS SUBCOMMITTE
11 MARCH 1999

Mr. Chairman, members of the committee, good morning/afternoon.

I appreciate the opportunity to discuss with you the U.S. security assistance program and how it supports our national security interests. Your leadership and continued support for the security assistance program gives enables us to stay engaged with the world and to shape events in regions vital to American interests.

Enhancing the capabilities of our friends and allies to address conflicts, humanitarian crises, and natural disasters makes it less likely that American forces will be called upon to respond to regional problems; it also limits their involvement when they are. Security assistance programs ensure that when U.S. forces are employed, foreign militaries can work with them more efficiently and effectively rather than being hobbled by mismatched equipment, communications, and doctrine.

Our engagement promotes the principles of democracy, respect for human rights, and the rule of law. The International Military Education and Training program is perhaps our most cost-effective security assistance program. It provides grant military education and training to foreign military and civilian defense personnel. IMET fosters military-to-military relations and promotes military professionalism, both of which are key to our ability to conduct combined operations quickly and effectively and to enhancing

the self-defense capabilities of our friends and allies. IMET also trains small-unit and field commanders in the conduct of operations that are both effective and respectful of the rights of combatants and non-combatants.

Under the Expanded International Military Education and Training (E-IMET) program, we train foreign military students and civilians in managing defense resources, in civilian control of the military, and in improving military justice systems in accordance with internationally recognized standards of human rights. E-IMET now represents almost 30% of the $50 million spent on the overall International Military Education and Training (IMET) program.

This year, we are requesting $3.43 billion in foreign military financing for FY00, an increase of $80 million over last year's request. We will use FMF to promote regional peace in the Middle East and to facilitate integration of Poland, Hungary, and the Czech Republic into NATO. We also will use FMF for continued support of the Partnership for Peace program; to sustain small defense and maritime forces promoting peace and security in the Caribbean island nations; and to bolster the capabilities of African nations to respond to limited peace and humanitarian missions on the continent. Because FMF monies are used to purchase U.S. military equipment, FMF contributes to a strong U.S. defense industrial base, which benefits both America's Armed Forces and American workers.

Whether contributing to stability in Europe, lessening the human impact of disaster and conflict in Africa, or helping to combat the flow of narcotics, security

assistance provides benefits well beyond the actual dollars spent. In addition to making the world safer, the spread of democratic principles contributes to a political environment more conducive to the global economic development so critical to our nation's well being. Thus, there is a genuine linkage between the continued support of this security assistance program and the day-to-day lives of Americans.

There are certain aspects of the security assistance program which merit special attention. I would like to discuss these now in more detail.

First, I would like to mention the report on foreign military training delivered to the Congress last week. Required by Section 581 of last year's Foreign Operations Appropriations Act, the report provides an unprecedented record of the many ways a variety of our Congressionally-approved foreign military education programs and engagement activities support U.S. foreign policy, and also benefit both foreign and U.S. forces. The total monetary value of the 52,000 plus activities documented in the report (including the estimated value of projected FY99 activities) is over $1 billion.

The monetary and technical benefits are only a small part of the value of our training and engagement activities. These programs are critical components of the U.S. peacetime engagement strategy and play an essential role in supporting United States military and diplomatic relations. They expose thousands of current and future foreign military leaders to values essential to maintaining security forces in democratic societies. In addition, we conduct some of these training programs more for the benefit to U.S. forces than to the foreign personnel involved.

Your staff members met last Friday with LTG Davison and representatives from my office and the Department of State to receive the report. I was gratified to learn that the discussion was very productive. We are in the process of responding to several questions from your staff and hope to have answers shortly. In particular, I want to assure the subcommittee that we are reviewing the classification of information on JCET and other CINC activities in the classified annex and will make every effort to identify materials that may be declassified. As you may know, the Congress will soon receive its annual report on JCET activities, which includes virtually identical information.

International Military Education and Training

The Administration is requesting $52 million for IMET in FY00, an increase of $2 million over FY99. This increase is primarily to expand our programs in Central Europe both with new NATO members and Partnership for Peace participants, and also to restart our program with Nigeria.

IMET courses fall into three categories: Professional Military Education (e.g., Command and General Staff College); Expanded IMET (e.g., Civil-Military Relations); and technical training (e.g., aircraft engine repair). Professional Military Education accounts for approximately 50% of the IMET budget, E-IMET normally accounts for approximately 30%, and technical courses account for the remaining 20%. Since 1991, we have broadened the IMET program's reach to nearly 30 new countries, primarily in

Central Europe and the Newly Independent States of the former Soviet Union (NIS). The intent is to improve the professionalism of, and enhance U.S. and NATO interoperability with, militaries of Partnership for Peace countries.

The E-IMET program addresses issues of military justice, respect for internationally recognized human rights, effective management of defense resources, and improved civil-military relations. This program contributes to our objectives of building democracy and broadening respect for American values in such places as Central America, Africa, and the Newly Independent States.

The interaction between foreign students and their U.S. counterparts, especially those at the senior service school level, helps promote effective, mutually beneficial defense relations between the U.S. and its friends and allies. Graduates of traditional IMET and Expanded IMET programs frequently rise to positions of significant responsibility in their home countries. King Abdullah of Jordan attended the Armor Officer Advanced Course at the U.S. Army Armor School in 1985 as a captain and graduated last year from the Defense Resource Management Institute under the auspices of the E-IMET program. The current Jordanian Air Force Chief of Staff, the Romanian Minister of the Interior, and the Philippine Minister of Defense all have graduated from E-IMET courses. Numerous Defense Ministers, service Chiefs of Staff, and other high level officials around the world have trained under IMET programs. These examples illustrate why U.S. Commanders in Chief of the unified commands have consistently identified IMET as a key tool for enhancing political/military relations with the countries in their regions.

The political and military benefits IMET program are the main reason why, this year, we are requesting funding for the IMET program with Pakistan, and to extend full IMET to Guatemala, and Indonesia. In each case, we believe that IMET contacts will both promote democratic values and be effective tools for achieving U.S. national security and foreign policy objectives. Allowing the Administration to offer traditional IMET courses will help to reform the militaries of these countries by exposing a new generation of officers to our standards of military professionalism. Having their officers attend such schools as the Air Command and Staff College, the Naval Staff College, and the Quartermaster Officer Basic Course would help them develop relationships with U.S. officers.

IMET will also would provide the United States, over time, with greater insight into and influence over their militaries. The program provides an opportunity for military personnel to experience United States doctrine and to observe our commitment to the rule of law, human rights, and democratic values. Although the E-IMET program is an effective tool, full IMET allows us to engage a broader spectrum of military personnel in these nations.

The IMET program for Pakistan was resumed in Dec 98 when President Clinton signed the Brownback Amendment waiver authority. We are offering IMET courses designed to re-engage the Pakistani military after an eight-year hiatus.

The IMET program for Guatemala resumed in 1997 after being prohibited for two years. Since its resumption, the program has been limited to E-IMET. The program's objectives have been to promote civil-military relations, the concept of civilian control of the military; to instill in the military an understanding of support for the protection of human rights; to improve the military justice system and to improve the management of defense resources.

This program has been extremely successful. For the first time in decades, Guatemalan civilians and military are discussing issues of importance to their country. The success of the E-IMET program along with some significant, positive events have led us to recommend that Guatemala be made eligible for traditional IMET in 2000. These positive events include:

- A notable decline in human rights violations;
- A significant improvement in respecting human rights under President Arzu's administration;
- More effective civilian control of the military;
- The Guatemalan military's complete compliance with the Peace Accords; and
- The military's significant and professional contributions to fighting devastating forest fires in the northern Peten and prompt, effective action that saved thousands of lives and provided disaster relief during and in the aftermath of Hurricane Mitch.

By allowing professional military exchange, full IMET can promote the Guatemalan military's reorientation toward its new roles of countering the flow of

narcotics, stemming illegal smuggling and assisting other Guatemalan agencies as they provide disaster relief.

In the case of Indonesia, IMET funding has been restricted to E-IMET since 1996. The Administration continues to discuss the merits of restoring the full IMET program for Indonesia. For our part at DoD, we see the benefits of restoration and would support it. We firmly believe that U.S. engagement with the Indonesian military, through the IMET program as well as other military activities, enhances our ability to influence Indonesia's human rights policies and behavior. Indonesian human rights activists also regard the IMET program as an invaluable means of improving the human rights performance of the military.

Only through continued interaction with defense personnel at all levels--in training and education, policy dialogue, and other forms of defense cooperation—can we promote professionalism and demonstrate proper human rights practices throughout the ranks. Restoration of full IMET for Guatemala and Indonesia would allow the U.S. to reach a broader spectrum of students within their respective militaries and deepen our engagement with their political leaderships. For Pakistan, by continuing the IMET program we will be able to rebuild relationships between our militaries. For these reasons, I urge the Committee to support restoring the full IMET program to Guatemala and Indonesia.

Foreign Military Financing (FMF)

The principal means of ensuring America's security is through the deterrence of potential aggressors who would threaten the United States or its allies. Foreign military financing strongly supports U.S. regional stability goals and enables friends and allies to improve their defense capabilities by financing acquisition of U.S. military articles, services, and training. As FMF helps countries provide for legitimate defense needs, it also promotes U.S. national security interests by strengthening coalitions with friends and allies, cementing cooperative bilateral foreign military relationships, and enhancing interoperability with U.S. forces.

This year, we are requesting $3.43 billion in foreign military financing for FY00. While this request is approximately $80 million higher than the FY99 appropriation, discretionary FMF is actually $10 million below the FY99 level for countries outside the Mideast. This is due primarily to increases in the requests for Israel and Jordan. I strongly support Congress' efforts to complete the emergency supplemental for Jordan.

Middle East Peace

The vast majority of FMF goes to the Middle East to help meet the legitimate security needs of the parties engaged in the peace process. This assistance supports the long-standing U.S. policy goal of seeking a just, lasting and comprehensive peace between Israel and its Arab neighbors, including the Palestinians. The request for Israel of $1.92 billion is $60 million above their FY99 allocation in accordance with the plan to

phase-out their economic assistance with partial offsets in FMF. This money will be used, in part, to continue multi-year procurement and follow-on support programs for their F-15 and F-16 fighter aircraft, the SAAR-V corvettes, avionics upgrades, the AIM-120 missile, and their Apache and Blackhawk helicopters. These programs reflect our continued commitment to maintaining Israel's qualitative military edge.

The request for Egypt is holding steady from last year at $1.3 billion. Modernization of the Egyptian armed forces continues to be one of the major goals of this program. I would like to point out that our FMF assistance plays an important role in promoting regional peace and has the additional benefit of building a strong and reliable coalition partner. Egypt continues to provide invaluable assistance in facilitating overflight permissions, use of their airfields and ports, and regular transits through the Suez Canal. This year's request will allow the Egyptians to continue such major programs as armor and air defense modernization, frigate acquisitions, and support for their F-16s and Apaches.

In light of US discussions with the Government of Egypt about "ramping down" Egypt's economic support funds (ESF) in the coming fiscal years, and in order to meet President Mubarak's request for additional foreign military financing (FMF), the Defense Security Cooperation Agency (DSCA) and Department of State have reviewed ways to accommodate our important strategic partner. One such way would be to allow Egypt to deposit a portion of its termination and liability reserve fund in an interest bearing account (IBA). The IBA would be established, in a manner similar to that done for Israel, with the Federal Reserve Bank investing in non-

marketable foreign securities. Interest would be paid to the Government of Egypt interest bearing account based on the amount of principal transferred from its termination and liability reserve fund into the interest bearing account. Current estimates indicate that interest earned would be about $24 million per annum (based on a principal of $470 million). I urge you to support this proposal to assist this important ally.

The $75 million request for Jordan is $30 million above their FY99 allocation, primarily for land forces readiness improvements. This support is needed to help Jordan as it continues to enforce UN sanctions against Iraq. Much of the money will be used to modernize and sustain Jordan's aging inventory of military equipment.

Central Europe and the Newly Independent States (NIS)

Since FY 1996, over $300 million in FMF funds granted to Central European countries and the Newly Independent states has facilitated CE/NIS country participation in Partnership for Peace (PfP) activities and NATO-led peacekeeping operations and stronger security ties between NATO and PfP Partners. FMF, under the Warsaw Initiative, has helped Poland, Hungary and the Czech Republic prepare for NATO membership and improve their defense infrastructures. We are requesting $25 million in FMF to assist these countries as they proceed toward full military integration into NATO.

FMF also has helped all PfP Partners enhance their interoperability with NATO; improve their compatibility with and understanding of NATO practices and terminology; strengthen civilian control of the military, and improve defense planning and budgeting processes. Since the bulk of CE/NIS FMF has been granted under the Warsaw Initiative, most has been spent on priorities such as the Regional Airspace Initiative (RAI)/Air Sovereignty Operations Center (ASOC). FMF also has supported English language training; procurement of tactical communications equipment; tactical vehicles; computers; search and rescue equipment; and uniforms, organizational clothing and individual equipment. All of these efforts help support peacekeeping units and units that participate in PfP activities; medical equipment, NCO training, etc. We are requesting $56.2 million in military assistance to support those PfP nations other than the NATO-selects.

FMF has also been provided to several countries on a bilateral basis, such as the Former Yugoslav Republic of Macedonia (FYROM) and Bosnia; and for regional security arrangements, such as the Baltics in support of the Baltic Battalion.

Other Programs Being Supported

FY 2000 FMF grant programs will also be used to:

- Sustain Caribbean defense and maritime forces, allowing these island nations to maintain small professional forces essential to regional peace and security;

- Support, in conjunction with Peacekeeping Operations (PKO) funds, African Crisis Response Initiative efforts to improve the capabilities of African militaries to respond to limited peace and humanitarian operations on the continent, and to bolster the capabilities of East African states (Eritrea, Ethiopia, and Uganda) to thwart Sudanese-sponsored terrorism and the disruption of humanitarian assistance;

- To improve the peacekeeping capabilities of select countries with an emphasis on communication systems, peacekeeping education and training programs.

  - Both EIPC and ACRI seek to enhance international peacekeeping capacity by increasing and improving the pool of capable peacekeepers.

    - **EIPC** aims to strengthen the peacekeeping knowledge base and ability of a country's military leadership to conduct multinational and joint operations at the operational and strategic levels. EIPC's enhancements address doctrine development, professional military education, and training standardization. It is not designed to train and equip units for peacekeeping operations. **EIPC** focuses on select countries in regions throughout the world. The USG selects countries for EIPC based on history of participation in peacekeeping operations; political commitment to peacekeeping; resources to train for and conduct peacekeeping operations; competent leadership, training and logistics readiness; and ability to participate in multinational operations. **ACRI,** conducted by U.S. Special Forces, is a training initiative focused on the tactical training of battalions and specialized units. **ACRI** is limited to

countries in Africa including Northern Africa. Currently, we have not slated ACRI-participant countries to receive EIPC funds. These two distinct programs are vital to our peacekeeping activities and need the continued support of this Committee.

Korean Peninsula Energy Development Organization (KEDO)

KEDO is a critical factor in sustaining Asian stability and warrants maximum political and material support from the US. We must prevent the DPRK from using a US decision to withhold support from KEDO as an excuse for Pyongyang to walk away from the Agreed Framework and take dangerous actions such as reopening its closed nuclear facilities and reprocessing the spent fuel currently under IAEA seals. Failure of KEDO would give North Korea unimpeded access to a stock of plutonium from spent fuel now in storage that could be used to produce several nuclear weapons. The US is determined to ensure that the North abides by its Agreed Framework obligations. We remain actively engaged in seeking contributions from the international community to support KEDO's efforts.

KEDO's annual operating budget of approximately $12 million is shared by the organization's four Executive Board members: the US, the ROK, Japan, and the EU. KEDO's operating budget does not reflect the cost of HFO deliveries to North Korea, which average $60-70 million annually. The US contributed $50 million to KEDO in FY98 ($30 million through regular appropriations and $20 million through reprogramming). Besides the US, 24 countries and the EU have contributed or

pledged more than $250 million to KEDO. Twelve countries and the EU have joined KEDO. The ROK and Japan have contributed approximately $62 million and $35 million respectively. The EU, the newest member of KEDO's Executive Board, has provided about $50 million. US contributions to KEDO, including our FY 1998 appropriation and reprogrammed funds (but not conditional FY 1999 appropriations), amount to about $115 million. While the US has thus far provided more money to KEDO than any other country, overall US contributions represent a fraction of KEDO's eventual expenditures which will be borne by South Korea and Japan. These two countries will provide most of the funding for the $5.2 billion LWR project. I strongly urge the Committee to continue its support for this critical program.

FMF Administrative Costs

Our FY 2000 budget request includes $31.30 million for support of the non-Foreign Military Sales (FMS) portion of the Defense Department's security assistance program. This represents an increase of $1.39 million over FY 1999 in the FMF General Administrative Cost Account and is composed of $1.10 million for the administration of FMF direct commercial contracts (DCC), and $0.29 million in direct operational support for newly opened Security Assistance Offices (SAOs) in FMF-eligible countries. These funds are needed to ensure the integrity of the program and to avoid subsidization from the FMS Trust Fund's Administrative Fund.

DSCA currently reviews over $500.00 million per year in FMF-funded, direct commercial contracts (DCC) for eight eligible foreign countries: Egypt, Greece, Israel,

Jordan, Morocco, Pakistan, Portugal, Tunisia, Turkey, and Yemen (Pakistan and Yemen are currently suspended). Over 400 U.S. contractors participate in the FMF DCC program and over 600 contracts are reviewed per year. The average contract is over $100,000 with individual contract values ranging from $30,000 to $52.0 million. The $1.10 million costs for this program represent salary and non-labor support for the ten workyears expended in reviewing FMF DCCs, approving contracts, and administering contract payments.

The remaining $0.29 million supports FMF Security Assistance Office (SAO) operations in offices in the Newly Independent States and Central Europe. By the beginning of FY 2000, we will have opened 25 new SAOs in the Newly Independent States and Central Europe alone. Furthermore, the International Military Education and Training (IMET) program has almost doubled since FY 1996. DSCA has responded to changing priorities in the security assistance arena by reducing its positions by 21 percent since FY 1992 and by realigning the remaining security assistance assets to countries with new and expanding FMF/IMET programs.

Re-Invention of FMS Effort

The security assistance community is still operating under policies, regulations, and laws originally developed during the Cold War era. Our ability to respond to USG foreign policy requirements as well as changes in the global defense market depends upon our ability to adapt to today's environment. Internal consensus and subsequent direction from Deputy Secretary of Defense, John Hamre led to the decision to reinvent

the FMS system. Our goal is to improve business practices so security assistance will remain a credible foreign policy tool.

The Defense Security Cooperation Agency (DSAA'a new name as of October 1998) is working with DoD organizations, industry association representatives, the Defense Policy Advisory Committee on Trade, foreign government representatives, and other interested parties (such as the American Bar Association) to produce a series of white papers which will frame our re-invention effort. The first two papers address DoD, U.S. industry, and foreign customer viewpoints on issues associated with Process Transparency, and Pricing, Finance & USG Cost Recovery.

Concurrently, we are seeking to bring in business process reengineering experts to help us evaluate how we do business now, and how we could do it better in the future.

We cannot fully predict the overall scope of the reinvention effort until we start the business reengineering process and establish our priorities, but we hope to identify the major issues and have solutions underway within the next year and a half. Full implementation of the reengineering effort may take longer.

Conclusion

The security assistance program works directly for the U.S. taxpayer, producing national security and economic benefits that far exceed the money spent. The programs I have just outlined are important to our foreign policy agenda and represent good investments in a future friendly to American interests. Each time an ally joins us in a peacekeeping effort, each time we do not have to deploy American servicemen to some corner of the globe to deter aggression, and each time a foreign officer or government official takes home an appreciation for democracy, civilian control of the military, and respect for human rights...we shape an environment conducive to peace and prosperity and the spread of American values. For all of these reasons, I strongly urge you to support our budget request.

Again, I thank you, Mr. Chairman and Committee Members, for your continued support of this vital program and for the opportunity to present our FY2000 security assistance budget request to you. I would be pleased to answer any of your questions. Thank you.

Mr. CALLAHAN. I have a feeling Ms. Pelosi is going to ask some questions before we leave, but we have a vote on now. I am going to, with your indulgence, yield my 5 minutes to Mr. Knollenberg, who has a conflict, as I am sure every member on the subcommittee does. And let me encourage all of you that if you do have pressing conflicts and there is something of extreme importance, we sometimes jump around to facilitate your schedules.

Joe, you can start now. I would like for to you wait until I get back from voting before you get into KEDO. Is that the subject?

Mr. KNOLLENBERG. That is the subject.

Mr. CALLAHAN. Well, why don't we go vote and come back. I will yield to Mr. Knollenberg my 5 minutes.

Ms. PELOSI. And I will follow the lead of my Chairman, too, and yield to my colleagues.

Mr. CALLAHAN. Why don't we just go vote.

[Recess.]

Mr. CALLAHAN. I think we are going to have a series of votes; nevertheless we will have to work ourselves around the votes.

Mr. Knollenberg.

Mr. KNOLLENBERG. Mr. Chairman, thank you.

And welcome, Mr. Holum and Mr. Bodner.

NORTH KOREA

Let me get into this quickly, and I do appreciate the Chairman giving me this recognition early on. I have four hearings this morning, but this is one I am very much interested in.

As you know, recent media reports claim that Kumchang-ni in North Korea is related to the construction of an underground graphite-moderated reactor for the production of plutonium. North Korea is denying that such an underground complex exists. U.S. officials, I understand, have demanded access to the site, and they have been denied. They have, in fact, been asked to pony up $300 million as some kind of carrot in return for access to the sites.

Now, along with this particular site there are many other facilities that could be utilized for the production of nuclear weapons, including reprocessing facilities to separate plutonium for U235 fissile cores and highly secured storage facilities. The administration is apparently making no effort to gain access to these other facilities, and that concerns me.

The administration has clearly focused all of its efforts in the ongoing negotiations with the North Koreans in New York on attempts to gain access to the Kumchang-ni underground facility. That is important. I understand that. But there are several other sites that we are looking at here, and myself, along with Majority Leader Armey, Chairman Ben Gilman, and others, sent a letter to Mr. Perry, who is in a mode right now to make some efforts over there. And the whole focus of that letter was to make sure that we know, for example, that North Korea is complying with the Agreed Framework. I know they are asking for money, and they have no business asking for money. We know they are not living up to the agreement.

What can you tell me about our efforts specifically to gain access to those other sites.

Mr. HOLUM. Mr. Knollenberg, there is a limitation on what I can say in open session about intelligence assessments. I can tell you that as to the Kumchang-ni site, we are nearing the end of another round of negotiations. The North Koreans understand that a successful resolution of that issue will require access to the site sufficient to confirm that no activity in violation of the Agreed Framework is or will be conducted there.

What that says about additional concerns that have or may arise is that it sets a precedent for our approach to these issues in the sense that although we haven't yet concluded that Kumchang-ni is a violation of the Agreed Framework only to the extent to which it has progressed, nonetheless we need to have assurances that the commitments under the Agreed Framework are being fulfilled and that this is a test of their willingness to comply.

We will address other issues as they arise. It is very important, I might add, that you have made your views known to former Secretary Perry. He is engaged in a comprehensive review, as you know, of our overall policy with North Korea. He is now in the region consulting with allies including Japan and South Korea, and we are looking forward to the results of his review. This entire——

Mr. KNOLLENBERG. That would be the end of March or thereabouts?

Mr. HOLUM. We haven't put a deadline on his deliberations for the reason we want him to have as complete as possible access to the information he needs and take whatever time is necessary, recognizing that this is an urgent matter. One of the things that he has done in the process of this is consult, as you know, with interested Members of the Congress, including a very helpful session that I sat in on at our offsite with congressional staff. And we have been very receptive—he has been very receptive to hearing your views, so I am glad you conveyed them.

Mr. BODNER. Let me add two points to that. First, the existing facility at Yongbyon, the reprocessing facility and reactor with the spent fuel, it is very important that we make sure that that remains closed and not operational. That is very important and why we think at the present time we should continue the Agreed Framework, if possible, to keep that facility, which we know exists and once was operating, closed.

Second, at Kumchang-ni, as Mr. Holum said, we do need access to that site and are engaged in discussions with the North Koreans to gain that access.

Third, were there to be other sites, our discussion with North Koreans on Kumchang-ni is the precedent, because obviously if we had serious concerns, we would also need access to them.

Mr. KNOLLENBERG. I appreciate that response. I recognize the sensitivity, too, of breaching an area that we cannot speak openly about. But let me go on to a question that has to do with the ICBM technology. And, of course, you are very familiar, I know, with the development that North Korea has reached in terms of the multistage rocketry.

The Washington Times and other publications recently reported that China is sharing this space technology with North Korea. More specifically, they believe that China provided the third stage and satellite technology to North Korea, which gave the Taepo

Dong its intercontinental range. In light of the recent security breaches at our national weapons labs—and this gets into a sensitive area, this is very disturbing, and I think that it should be raised with the Chinese—to my knowledge, the administration has not raised that issue with the Chinese. In my view, the most serious issue related to North Korea is not failure to abide by some agreement, it is rather the very real threat posed to American security by rogue nuclear states, and the facts are very ominous.

North Korea, number one, is very likely engaging in nuclear weapons production at several sites throughout the country; and then, number two, the recent launch verifies suspicion about North Korea's ICBM capability. This threat is magnified by the Chinese involvement in the export of missile technology to the rogue regime, thus aiding North Korea in the construction of a delivery system that is capable of reaching American shores.

What I would like to ask you is what can you tell me about China providing satellite and third-stage boost technology to the North Korean ICBM or Taepo Dong ICBM that is designed to reach the United States? What can you give me? What can you tell me about the accuracy of that statement?

Mr. HOLUM. Well, again, we have the same limitation on discussing intelligence matters. I can tell you that missile issues, both missile issues relating to Chinese assistance through technology to other countries and the issue of North Korea, are routinely on our agenda in discussions with the Chinese officials at all levels, including the highest levels.

Mr. KNOLLENBERG. Can you tell me if Secretary Albright made that a part of her discussion recently with the officials?

Mr. HOLUM. I can't, but I can check on it for you. Certainly the missile issues and North Korea issues.

[The information follows:]

We have no evidence to confirm press reports that China is providing North Korea's missile or space programs with U.S.-origin technology.

Nor are we aware of any evidence that China is engaged in assistance to North Korea's space program that would be inconsistent with the MTCR Guidelines.

Therefore, the Secretary did not raise these reports with Chinese officials.

However, as part of our continuing nonproliferation dialogue with China, the Secretary underscored our concerns about the threat to international peace and stability posed by missile proliferation during her visit to Beijing in March. She also discussed with Foreign Minister Tang a broad range of missile nonproliferation issues, including China's implementation of the export control and nonproliferation steps necessary for it to join the MTCR.

Mr. KNOLLENBERG. Those issues were raised during the recent meeting; is that correct?

Mr. HOLUM. Yes.

Mr. BODNER. I don't believe the Intelligence Community has come to a conclusion on the question that you raised, but I believe we would be happy to share whatever information we have.

Mr. HOLUM. More broadly in the case of China's assistance on missile capabilities, as you know we have twice sanctioned China for missile exports. The most recent sanctioning in 1993 gave rise to their commitment to not export MTCR-class missiles to any country. That commitment actually goes beyond the requirements of the MTCR and, to our knowledge, they are abiding by that commitment. We have seen no indication that they are transferring MTCR-class missiles to other countries.

At the same time we have very serious concerns about their interpretation, particularly as to technology, missile technology, of their obligation and of the MTCR commitment. That is one of the reasons why one of our leading objectives is to achieve their formal adherence to the Missile Technology Control Regime, including the technical annex that would include exports of those technologies, but it is a matter that is not resolved, and we are not satisfied at the moment.

Mr. KNOLLENBERG. There is a heightened awareness, is there not, among the administration officials about the situation with respect to this issue, this particular focus?

Mr. HOLUM. No question at all, and we will doubtless get into this. One of the key reasons why the United States is including money, and Deputy Under Secretary Bodner can certainly address this, why we have included funds for the 5-year defense program, 5-year defense plan for deployment—possible deployment of the national missile defense is the growth in North Korea's missile capabilities and particularly the third stage. It has elevated the——

KEDO

Mr. KNOLLENBERG. If I could go to a final question, and I appreciate your willingness to give me this time up front. I want to go to KEDO, the agreement itself, the framework and part of the Agreed Framework that was established to gather contributions from interested countries to finance the construction of two light water reactors in North Korea. Japan and South Korea, as you know, have primary responsibility for financing this project. These countries decided it would be better and would be sold in their own home countries if they were to characterize this as a loan instead of a contribution in order to make, as I say, make it more acceptable back home. At the same time, we are assured that there was little likelihood that North Korea would come through with payment.

This reality has raised the question of whether KEDO, in the absence of North Korean payments, will be expected to guarantee the Japanese loans. And if KEDO would, in turn, look to the U.S. for additional funding to cover these costs. So the question, I think, is fairly obvious: Given the fact that the Japanese contribution to KEDO's project is in the form of a loan, what is KEDO's liability to repay Japan in the very likely event that North Korea will be unable to pay? And will the U.S. be asked to step in and shore up that negative?

Mr. HOLUM. Let me begin with the last part first. The United States does not bear financial liability for any KEDO debts incurred with respect to the light water reactor construction. That is the opening proposition. Japan and the ROK are committed politically most recently to the KEDO light water reactor cost-sharing resolution of October 21, 1998, to contribute respectively $1 billion toward—and that is in the case of Japan, and 70 percent of the total cost, that is Korea, the light water reactor project, which is based on an estimated total cost of $4.6 billion. The ROK and Japanese decisions to style their financing as loans to KEDO does not alter their commitment to fulfill those funding obligations.

Mr. KNOLLENBERG. Their commitment has not been met of late, though, that they would be on target?

Mr. HOLUM. They are moving in that direction. One of the things that was a disturbance of the progress was the Taepo Dong launch, which caused the Japanese to suspend consideration of their participation. But we believe that all the parties understand fully the essential nature of the financing and that neither KEDO nor the United States will be financially obligated to the light water reactor.

Mr. BODNER. Mr. Knollenberg, it is fair to say that Tokyo and Seoul have been informed consistently in the last few years of the U.S. views on this.

Mr. KNOLLENBERG. Thank you, Mr. Chairman.

Mr. CALLAHAN. Just following up on KEDO, I appreciate the patience the White House and the State Department has had in trying to educate me in foreign policy. I have tried with every ounce of resource I have to try to understand this KEDO situation from a layman's point of view without ever walking away from it with a feeling of despair over what I perceive as almost the stupidity of this agreement from the word go.

This is one project that has happened under my watch because the funding first started 4½ years ago, 5 years ago, but now it has grown to the point where it is almost getting ridiculous. I mean, the administration's request for $50 million for North Korea? You know, we started off at $13 million and Mr. Carlucci told this committee then that if we didn't give them $13 million, the world was going to come to an end, and we were going to have a nuclear holocaust, and he was going to blame it on me.

Well, that would have been all right, too. He could have blamed it on me, but we gave them the $13 million so we wouldn't have this nuclear holocaust because we were told at the time that this would stop the advancement of nuclear capabilities in North Korea. That part was logical.

Why we were ever involved at this stage, I don't know. Negotiating the project with Japan and South Korea, that is good, but why we are the only country putting up any money to facilitate this peace process between the two countries and not making any progress, and North Korea not paying any attention to the agreement just is beyond explanation to me.

Maybe it is over my head, and maybe you professional diplomats and professional foreign affairs experts, maybe you can adjust your own logical thinking to justify this, but this is never going to stop. We are going to have the first brick laid on building a power plant.

The power plant never should have been built in North Korea anyway, it should have been built in South Korea right on the line, and they should have put power lines over there so if North Korea ever started violating things, they could cut the power off. But that is above my pay grade, too.

But we are getting to the point where we don't have $55 million to put into North Korea to continue this project, and in addition to that, the administration is borrowing money such as they are doing with the $19 million that Joe Knollenberg mentioned. My assessment of that is that Japan is saying, look, we want this project to go forward so we can be protected against nuclear attack by

North Korea, and we are pledging to put up 3 of the 10 billion over whatever they are putting up. Nothing is done. Japan has not spent a penny, and you are saying this thing is falling apart. The Congress is balking. So Japan says, I will loan you $19 million. They didn't give you $19 million. They are advancing you 19 million, and probably you are going to be back here next year saying, now we have an additional debt, which the debt in itself I have never been pleased with.

I don't know who gave you all the authority to go into debt, and I recognize that you had pledges from other nations who are not coming through. But you keep borrowing more and more money, you keep coming to Congress telling us that there is zero progress, but there are still problems. The South Koreans and the Japanese are not really spending any money, although I know they are doing some ground-breaking over there. We cannot keep this up. You are not going to get this $55 million this year unless you come up with some suggestion as to how we reshuffle the money that is going to be made available to us, which is going to be an even greater problem. You sit over there and think of all these grandiose ideas that maybe sound good when you are meeting with leaders of these countries, and then you start contending that is an obligation of the United States of America.

For example, Egypt. You are talking about giving them some type of interest-bearing account, which is going to cost your agency millions of dollars if it is scored like CBO is telling us it is going to be scored. That sounds good when you are sitting down with Mubarak. Oh, Mr. President, we love you. We love Egypt. We support that. We will ask the Congress to put your pipeline money in interest-bearing accounts.

You don't ever think about money. You know and I know that the budget resolution that is going to be considered in a few weeks by the House and the Senate, and probably adopted, is going to reduce the resources available to this committee to provide you with money. Yet you keep coming forward with all of these programs, and then you keep coming forward with these requests of $55 million. What is that; what kind of increase is that percentagewise? $20 million, that is nearly a 40 percent increase in appropriations for KEDO, which you tell us is not quite working.

But you have got Mr. Perry over there now, and I have great respect for him, great admiration and great confidence, but the answer to everything is not more money, and we are going to have to look carefully at this request.

I don't want to run the foreign policy of this country. The people elected President Clinton to do that. He appointed Madeleine Albright, and I have great respect for Madeleine Albright, and I think she is doing a wonderful job, and I don't want to get involved in it. But we are getting down to the point where I don't have the money. I have got to pick and choose.

So you want to go back to my district, as Mr. Carlucci told me he was going to do 5 years ago, and tell the people of my district that I am going to be the one responsible for nuclear disaster that is pending if I don't give him $13 million. And so be it. That is all right. But the reality of the thing is you have got to make some

cuts somewhere if you are going to ask for increases in projects such as KEDO and projects such as the Egyptian pipeline money.

You all have got to come to reality over there and recognize that without a doubt—and here I am, someone who had never voted for a foreign aid bill before I became Chairman of this committee and wrote the bill right, here I am having to go and argue with my conservative friends on the Republican and the Democratic side about, look, don't cut me. Cut education, cut HUD, cut all of these other things. Cut Medicare, cut Social Security and give me a billion dollars more.

So I am here fighting for you now. But even if I got the billion dollars back, it is going to be insufficient. And you all have got to tell me how you want to cut it down. You cannot come over here and ask me for $2 billion because someone wanted the Wye agreement to succeed. Give me 2 more billion dollars, give me another interest-bearing account; the interest-bearing account for Israel is wrong. So you are going to say we are going to make two wrongs to try to make a right? That is wrong, too.

You have got to realize we are not going to have the money this year, and if you want this additional $20- increase for KEDO, and if you want all of these new plans, you are going to have to tell me where you want to cut. You cannot just say, give me a billion dollars. We are not going to have $18 billion. So we are going to have to do the cutting. So there I am directing foreign policy, which I don't want to do.

You are the professionals. You are going to have to give me a list of your priorities. But the requests are unreasonable under the circumstances of reality, and that reality is we are not going to have the money to do these things.

So KEDO, I don't understand. Occasionally they call me upstairs and put me in a room lined with lead and tell me if I tell anybody about this, they are going to kill me, or somebody will die. I don't even want to go up there and hear all of that. So don't tell me about that.

I talk about money. I am going to be told that I have to cut last year's appropriation, not including the $18 billion for the International Monetary Fund. But I am going to have to cut this year and cut drastically. So it is not whether or not Sonny Callahan or this committee thinks you should have more, it is the reality. It is the real world. And you guys are going to have to come forth with an explanation or a request prioritizing your needs.

You can override me on KEDO, because I am not as talented in foreign policy as you all are. And you can override me on Egypt if you want to, but you have got to tell me whether you want me to take it out of USAID's hide or whether you want me to take it out of Israel's hide, or whose hide do you want me to take it out of. We are not going to have the money to fulfill these requests. And this increase of 40 percent for KEDO borders on the fringe of absolute stupidity, in my opinion. So I am concerned about it. You guys say it is absolutely necessary. And I have got to go vote before you can respond.

Mr. BODNER. Mr. Chairman, you raised a number of topics. I don't know if you have to leave right at this moment. Maybe I could respond on KEDO, and John could respond on the broader

questions on the budget, because the KEDO question is genuinely a security question.

Mr. CALLAHAN. Let me go vote. You can answer that when I get back. You can stay if you want.

Ms. PELOSI. I can't be asking questions without the Republicans in the room.

Mr. CALLAHAN. I will let you be Chairman. Raise your right hand.

Ms. PELOSI [presiding]. I want you gentleman to know that there is no hourglass here today. There is no mace, pointy objects, nothing.

Well, this is highly unusual because usually we have at least one Republican chairing the committee, and I will probably have to run in a little bit, but in deference to your time, I wanted to come down to start my questions.

The Chairman and I are in disagreement over KEDO, the framework agreement, although I think his questions are very legitimate and really deserve to be answered.

As far as North Korea, just for a moment, I would say that one of the justifications for the administration's China policy is that China is going to help us with North Korea. I don't think they have used their good offices to that effect, and as Mr. Knollenberg raised the issue of the possible cooperation of the Chinese, I don't want to go any more into that because I am a member of the Intelligence Committee. But, I think it is something that has to be looked into and again, it would be a serious undermining of one of the major justifications for the current China policy. I think that whether or not that is true, the mythology of Chinese cooperation on North Korea is just that, a mythology. We have not had the cooperation that we should on this really very, very dangerous place in the world where we have our troops on the border.

I was in P'yongyang a year and a half ago with the Intelligence Committee, and I have very serious concerns. That is why I come down on the side of the administration on KEDO, because I don't think that we have a lot of options. That is one. Yes, the North Koreans have not cooperated fully to the spirit of the law, but I continue to support that framework because I saw what a desperate situation it is there, and any opportunities that we can have there I think we should take advantage of. I was surprised the North Koreans even let us in.

COLOMBIA

I want to go to some of the issues that I raised in my opening statement. Based on that statement, I think it is clear that I don't believe that Congress was either consulted or informed on the decision to aid Colombia in the formation of the counternarcotics battalion within their army. It is also clear that a commitment to form and train an 800-man battalion implies a long-term commitment for U.S. troops in Colombia and brings about the need for significant resources to equip such a force. It is also a significant departure from the policy Congress has debated and endorsed; that is, helping the Colombian police with a well-directed counternarcotics assistance program.

Can either of you tell me why Congress was neither consulted nor informed of this decision?

Mr. BODNER. First of all, this is a matter that is still in process, Ms. Pelosi. The Colombian Government made public statements last fall that they had desired to form a counternarcotics battalion, about a thousand people. We have engaged in discussions with them since then as their ideas have evolved, and they have evolved, they have changed.

These discussions have been held primarily between our Embassy and the Colombians, and SOUTHCOM has been engaged in that as well. The current status, as I understand it, is that the Colombians have stood up a single company which is fully vetted. So far no U.S. training has been provided; however, they have been working with the Embassy and with SOUTHCOM to define what the requirements of the unit would be and, therefore, how it is that we might be supportive of them through some training.

My understanding is that the Embassy forwarded some specifics on that to SOUTHCOM just this Friday. They have not yet come to Washington yet. When they do come up, we will review this and will be happy to continue consultations with Congress. There have been briefings held on the Hill regarding the status of this concept for a counternarcotics battalion that the Colombians want to form, and we will be happy to provide more information as it develops.

You raised a couple of other elements about it in terms of authorities. If we were to provide training—and I think it is likely that we will, although we are still defining that—we would do so under the congressional authorities that have been granted under sections 1004 and 1033 of Title X, and I would note that 1033 is specifically about Colombia and Peru—specific authorization granted to DOD by the Congress to provide counternarcotics support to Colombia and Peru.

So I think that we feel that we, in fact, are complying with the will of the Congress and fully with the law and all the strictures that are included in 1004 and 1033. Again, we would be happy to brief your staff again. I think we already have briefed your staff with regard to this concept as it has developed, and we would be happy to keep you fully informed.

Ms. PELOSI. Obviously, I would like the record to show that the briefing took place only after we insisted upon having a briefing.

Can either of you tell us why none of the training or assistance planned for this was directed to respond to the paramilitary forces running rampant in Colombia? In January, over 140 people were killed by paramilitary forces in 15 locations over a weekend. No significant arrests have taken place.

Mr. BODNER. Again, I believe that this battalion, as the Colombians have conceived it, would be engaged in counternarcotics work. I do know that the Colombian Government is very concerned about these paramilitary groups. I met with the Colombian defense minister recently, and he expressed grave concern about it and described some actions that they are taking. As you know, there is a new Colombian Government.

Ms. PELOSI. I have met the President. I am encouraged by him.

Mr. BODNER. And a reform-oriented government. We have to face the question: Are we going to support that government or stand by

and have it work on its own? We could do either, but I think that we would more effectively meet our objectives if, in fact, we work with them.

Our objectives are both trying to stem narcotics flow and trying to instill greater respect for human rights. And I think that, in fact, is the entire idea behind the formation of a new counternarcotics battalion.

Ms. PELOSI. I hope that you are going to support the new Colombian President in his efforts to make peace with the insurgents as well, because some of these actions look like they could be counter to that.

Specifically, how much will the training of this battalion cost, how long will it take, and from what accounts will these funds be derived?

Mr. BODNER. We are under the authorities of section 1004.

Mr. KINGSTON [presiding]. If the gentleman will suspend, I am going to go vote, and I will be right back in time for you to go vote. So if we could do that.

Ms. PELOSI. Thank you, Mr. Chairman.

You were telling me what the training battalion would cost, how long it will take, and what accounts it would be coming from.

Mr. BODNER. If training proceeds, what we would envision is that it probably would proceed in three phases, each of which would last approximately 90 days, in which individuals and company-level training would be conducted. The third phase would be battalion-level multiechelon exercises that would also involve the Colombian National Police. Just as other Colombian Armed Forces units provide support to the police and work together with them, this unit, which is focused on counternarcotics as the Colombians envision it, would work closely with the Colombian National Police.

As to the amount for equipment, again, none of these things are finalized, but if training were to proceed, we would anticipate that under section 1004 approximately $2 million in nonlethal equipment would be provided during fiscal year 1999. Similarly, under 1033, which again is a congressional authorization specifically for Colombia for counternarcotics support, about 2 million in nonlethal equipment would be provided.

Ms. PELOSI. As I mentioned earlier, I had the opportunity to hear the new President when he was here, and, yes, it was right before the election. He is attempting to foster negotiation with the guerrillas, and my question is how does the formation of this battalion promote the prospects for peace?

Mr. BODNER. As you say, President Pastrana is very committed to a peace process.

Ms. PELOSI. I understand that. I am concerned about the battalion's commitment to the peace process and how this battalion is in furtherance of his goals, specifically that numerous challenges to achieving the settlement would take a long time and would require economic incentives for the guerrillas and for poor people who live in guerrilla-controlled territory. So I just wonder how this battalion is in furtherance of that.

Mr. BODNER. President Pastrana and his government have proposed this battalion. Their proposal. Their concept. They are still

refining it. I have to assume that they believe it is part of their reform effort.

Ms. PELOSI. This is a request from President Pastrana?

Mr. BODNER. In terms of a training request that is now being moved through the system—and as I understand it, it is going to SOUTHCOM on Friday and will be coming to Washington soon—the training request for the counternarcotics battalion is a concept that the Colombians have pursued as part of their overall reform efforts.

Ms. PELOSI. I better go vote. Excuse me.

KEDO

Mr. KINGSTON. I know you have already spoken about KEDO. Do you think we should have a briefing on KEDO by itself? I mean, a $20 million increase is big. Should DOD or State, give us a separate briefing or——

Mr. BODNER. It is part of the U.S. security interests. We would be happy to come up and give a briefing to you.

Mr. HOLUM. I know that Secretary Perry plans to come back to the Capitol Hill again before he completes his deliberations. That would not be to a specific committee. It would be to talk to Members who have been particularly interested in the overall North Korea problem. But I think overall, our overall policy, which we are in the process of reviewing through Secretary Perry's leadership, as well as the specific funding request, as Deputy Under Secretary Bodner says, deserves careful scrutiny.

One thing I would point out is one of the big concerns is over the amount of money that the United States has put in. Our obligation is at the early part of this. That is for the heavy fuel oil until the first reactor is completed. And that obligation runs around $50 million a year.

We have made extremely persistent efforts to gain support from other countries for the heavy fuel oil fund. We haven't been as successful as we would like to be. But at the same time, the debt of KEDO on heavy fuel oil is not going up, it is going down. One of the virtues of low oil prices is that KEDO has been able to retire some of that debt, and we expect that by the year 2000, the end of fiscal 2000, if prices stay low, it could extinguish the debt.

Mr. KINGSTON. Getting beyond KEDO itself and on the subject of nuclear proliferation, George Tenet has said that they are on the verge of developing some ballistic missiles, that maybe we should have a classified briefing just on proliferation, and that might be approved.

PERU-ECUADOR PEACE AGREEMENT

Let me ask you, you requested $20 million for economic support funds for the Peru-Ecuador peace agreement. Do you know how you are going to spend that? Is that defined yet? I mean, is that just kind of to pay everybody a little money to settle things?

Mr. HOLUM. No, the basic program is designed to reinforce the October 1998 peace agreement, which we, as a guarantor of the Rio protocol, helped to broker. Peru and Ecuador have developed a 10-year program to strengthen and integrate communities, particularly on either side of the common border where the fighting broke

out. This program includes telephone service, oil pipelines, road construction, energy projects—a variety of programs that do two things. One is improve the lives of the people living there, and secondly, demonstrate that they have a stake in integration across the border.

So it would support microentrepreneurs and a number of steps that we think would help solidify the peace as agreed on paper in the 1998 peace agreement.

Mr. KINGSTON. Twenty million dollars for roads, telephones, communications, training?

Mr. HOLUM. Telephone service, oil pipelines road construction, energy projects, projects of that kind.

Mr. KINGSTON. Is that split equally between the sides? How do you decide?

Mr. HOLUM. I will have to get that information for you. I believe it is, but I am not absolutely certain.

[The information follows:]

PERU-ECUADOR PEACE AGREEMENT

In October 1998, Ecuador and Peru signed a comprehensive peace agreement that put an end to an often bloody, century-and-a-half old conflict over demarcation of their border. The United States, as one of the Guarantors of the 1942 Rio Protocol, which established the framework for delimiting the border, invested considerable time, effort, and resources in helping the parties to achieve this peace. To make it acceptable to both sides, regardless of the final demarcation of the border, the peace settlement was built on a series of agreements, including a treaty of commerce and navigation and a binational peace fund for border integration, designed to compensate difficult political concessions with investments to stimulate growth and improve living conditions in an area impoverished by years of conflict.

The United States plans to provide $10 million each to Peru and Ecuador in FY 2000 to help launch, under the border integration agreement, a ten-year program Peru and Ecuador developed to strengthen and integrate communities on either side of the border through improved telephone service, oil pipelines, road construction, energy projects, and other efforts to improve the lives of their citizens.

The Economic Support Funds (ESF) will aid successful implementation of the peace settlement by helping to fund the border integration program by, among other things, supporting micro-entrepreneurs, strengthening local governments, improving health care, and helping to create permanently demilitarized "peace parks" along the border to enhance natural resource management. Specific projects for which U.S. funding is proposed will be reviewed and approved by USAID and the State Department. Other governments and international organizations, including the Inter-American Development Bank, the Andean Development Bank, and the World Bank, are also supporting this border integration program with donations of their own.

Mr. KINGSTON. Is that expected to be an annual expenditure, or is that a lump sum for $20 million?

Mr. HOLUM. We haven't planned specifically beyond fiscal year 2000. I suspect we will conclude that we have a stake in continuing to foster this effort.

Mr. KINGSTON. I would like to see that, because I hate to just keep propping up—$20 million is a big deal, and there really should be, particularly on a peace-type agreement, an end at some point. An escape route.

Mr. HOLUM. I think in principle that makes a great deal of sense, but I think the transition period from conflict to a peace, durable peace, is very much in our interest, and we ought not go backwards into a conflict situation.

Another thing we need to do in this context is giving support to other governments and international organizations, including the Inter-American Development Bank and the Andean Bank, the World Bank. This is not purely a United States endeavor and shouldn't be. It is a collective effort to try to solidify the settlement.

Mr. BODNER. You have raised an important point. Let me point out a couple of ancillary benefits from the end of the Peru-Ecuador conflict. We had been providing helicopter support to the observer group. We are no longer doing that.

Also, as a benefit of the conflict having been brought to a close, Ecuadorans are focused on securing their border with Colombia, which has benefit in terms of counternarcotics. So it is important also to view it in the overall picture.

Mr. HOLUM. I can give you the numerical breakdown between Ecuador and Peru. It is slightly imbalanced in Ecuador's favor: $11.75 million, Ecuador; and $8.25 million for Peru, total.

ENVIRONMENTAL DIPLOMACY

Mr. KINGSTON. Yeah, I would kind of like to see the breakdown, why they get about 12, 11.5, whatever.

On the environmental diplomacy you are requesting $15 million for the account. Is that a new account? And how is it earmarked? What is that money going to go to?

Mr. HOLUM. Let me flip to the appropriate page here.

It is an additional account, and it is basically designed to advance the international environmental health agenda.

Mr. KINGSTON. Is that—are you talking about Kyoto? International environmental health agenda? Is that part of the Protocol?

Mr. HOLUM. This is not specifically designed to support the Protocol, but it is designed for cases where we want to be able to respond quickly with programmatic answers to a problem that can help a——

Mr. KINGSTON. Was something like this a component of the Protocol?

Mr. HOLUM. No, I don't believe so.

Mr. KINGSTON. So it is not a back door?

Mr. HOLUM. No, no.

Mr. KINGSTON. All right. Shouldn't that go through Commerce-State-Justice?

Mr. HOLUM. Well, it is programmatic, though. It is basically to respond quickly to emerging environmental crises and advance negotiating positions at the same time.

Mr. KINGSTON. Was it a crisis? I mean, it sounds to me like a legitimate concern, but not a crisis. And if it is not a crisis, it should go through the State Department regular budget.

Mr. HOLUM. It is designed for a crisis.

Mr. KINGSTON. So it is in anticipation of a crisis. It would appear to me that as a regular diplomatic function it should come through Commerce, State and Justice. I don't know, I mean, I am just asking, but it would appear that—what is the reason it doesn't?

Mr. HOLUM. Because it is a programmatic response would be my answer, and I could probably provide a better answer for the record, but we are talking about funding projects here rather than funding administrative costs.

Mr. KINGSTON. Mr. Chairman? Thank you very much sir. Would you like your gavel back?

KEDO

Mr. CALLAHAN [presiding]. I think you have done a great job. You can have it for the rest of the day.

I guess while we are waiting for the rest of them, you go ahead and explain. We will give you your opportunity to address my concerns about KEDO.

Mr. BODNER. Thank you, sir. We did discuss this briefly in response to other questions, but you made a very important point, which is that this is an international effort. This is not something that the United States alone should be funding. We fully agree with that.

My understanding is that through fiscal year 1998, contributions to KEDO have totaled about $250 million, of which the U.S. supplied roughly half, and that others have made contributions. You referred to the Japanese. And I understand——

Mr. CALLAHAN. Is that pledged contributions or actual contributions?

Mr. HOLUM. It is actual.

Mr. CALLAHAN. If they are putting up all of that money, why did you all have to borrow against it?

Mr. BODNER. In your absence, Mr. Holum observed your concern about the borrowing. I know last year in this hearing that was a concern. Last year the debt was something like $47, $48 million, and at the present time it is something like $22 million. So while there is a debt still, it has gone down.

Mr. CALLAHAN. Does 55 include paying off that debt?

Mr. HOLUM. Conceivably, but the 55 is roughly the cost for the heavy fuel oil for the calendar year.

Mr. CALLAHAN. So you are going to pay off debt and borrow more money?

Mr. HOLUM. So our anticipation is that by the end of fiscal year 2000—this depends on oil prices. We have benefited from the——

Mr. CALLAHAN. How long do you expect that the United States is going to, as a contingency, to provide fuel oil for North Korea?

Mr. HOLUM. The agreement provides that KEDO and we will provide heavy fuel oil until the first light water reactor comes on line.

Mr. CALLAHAN. I understand, but my question was how long and not—I know what the KEDO agreement says, which I disagree with. How long is the United States going to have to continue to provide heavy fuel oil to North Korea?

Mr. HOLUM. My judgment would be that this will continue until that happens, and the target date is——

Mr. CALLAHAN. Let me speak real slowly. How long, how many years—or maybe you are in a position now, maybe we ought to be talking about weeks—how long are we going to have to continue this? How long do you think we are going to have to continue?

Mr. HOLUM. The heavy fuel oil specifically? Well, at least through 2003. But, again——

Mr. CALLAHAN. What was the original agreement?

Mr. HOLUM. I emphasize——

Mr. CALLAHAN. Do we have a commitment—if they never build these plants, do you think that the United States has a commitment to provide heavy fuel oil for the next 50 years under the agreement?

Mr. HOLUM. If the plants are not constructed, then the Agreed Framework would be in a lot more trouble than the heavy fuel oil, and I don't think that we would be doing it. With everything else falling apart around it, which I don't think will happen, we wouldn't be out there reflexively delivering heavy fuel oil. It has to be in support of an active, alive, working agreement. At this stage the agreement—for all the threats, and there are a lot of them, it is continuously hazardous—is doing what it was supposed to do.

Mr. CALLAHAN. Were you in on the original negotiations of KEDO?

Mr. HOLUM. I wasn't specifically involved in negotiations; I was involved in the policy process.

Mr. BODNER. Sir, if I could address the security question that Mr. Holum just made. The Agreed Framework currently continues to serve our interests. We want it to remain vital. Right now there is a processing plant, a reactor, and spent fuel at Yongbyon, and we want to make sure that those do not start back up. Had we not had an Agreed Framework, and KEDO is an integral part of the framework, in addition to having the spent fuel that is sitting there now, they would have refueled that 5-megawatt reactor. It would have discharged fuel in 1995, providing spent fuel for another set of weapons. It would have been refueled and discharged again in 1998, providing more plutonium for another set of weapons. The 50-megawatt reactor would have been completed and discharged fuel in 1998 for a significant number of nuclear weapons.

So, in the absence of the Agreed Framework, North Korea right now would have a small, but militarily meaningful nuclear weapons arsenal. Particularly in light of the missile developments that have taken place, that would have been something more than worrisome.

And so I think that it is not at all unfair to say that the Agreed Framework has served our interests, and if it can remain viable—and there is an "if" to that statement—then it will continue to serve our interests. And I think that our position is that we don't want to give an excuse to the North Koreans to declare the Agreed Framework dead because they could turn Yongbyon back on quickly and take the spent fuel that is sitting there and turn that into weapons very quickly.

Mr. CALLAHAN. If they have the money for that technology, why can't they buy their own fuel oil?

Mr. HOLUM. They can.

Mr. CALLAHAN. This is foreign aid.

Mr. HOLUM. They can, but the agreement provides that it will be done this way. The rationale for it is that they shut down the plants that were producing electric power, and the heavy fuel oil obligation is to replace the power that they lost by virtue of giving up those reactors.

Mr. CALLAHAN. I don't fault the plan. I fault the United States being the only country that is having to fork over real dollars in order that the plant can go forward. I agree with the philosophy

and the intent behind the negotiations which we were facilitating South Korea and Japan. That is fine. And in that process we went to other countries, and they agreed to put money in. Now you are telling me they put some of the money in. I think for the first few years they didn't put money in. And I think you have also been blessed by low crude oil prices. Now what is going to happen within the next 6 months when you are looking at probably a 30, 40 percent increase in oil?

Mr. HOLUM. It is going—the cost of heavy fuel oil can go up, there is no question about that; but again, our money is up front.

Mr. CALLAHAN. I mean, does this $55 million include the projected increase in the cost of oil?

Mr. HOLUM. It is predicated on expectations of what the price of oil would be.

Mr. CALLAHAN. What do you think it will be? I might buy some stock. I don't know. You all haven't been able to look too much to the future?

Mr. HOLUM. I would still sell short, I think.

Mr. CALLAHAN. Let me go vote, again.

Ms. KILPATRICK. Let me yield to my Chair. I will follow you. I defer.

Ms. PELOSI. If your schedule will allow, because I am here for the duration, such as that may be.

Ms. KILPATRICK. Don't you have another meeting?

MILITARY TRAINING REPORT

Ms. PELOSI. On the issue of the responsiveness of the military training report to congressional concerns and the requirements of the law, why does the report not contain a country-by-country justification for training activity? And why is all JCET information classified?

As you know, some of my concerns about the JCET activity have been publicly reported in the press, particularly in the case of Indonesia. Can you comment on any future plans for JCET training, and what is the foreign policy justification for it? We thought we were going to see, some of us did anyway, a country-by-country justification for it, not just an enumeration with four sentences.

Mr. BODNER. Let me answer the latter part. This was a massive effort that we were asked to do in an extremely short period of time, and so we did the best we could to be responsive, which was to gather as much information and yet get it to you before your hearing cycle started.

Ms. PELOSI. If I just may, one would have thought you would have had such a thing ongoing, that you were just adding to as you went along. What you are telling me is that it was hither and yon, and you had to pull it together?

Mr. BODNER. We do keep track of these things. They are kept track of in different manners, and we had to bring it together in a single document, and just the mechanics of having it put together in a single database that was compatible was a significant effort.

Ms. PELOSI. While you are getting the report, one of the questions is when will it be available on CD–ROM?

Mr. BODNER. Shortly. This was not a modest effort or narrowly defined effort. This was very expansive in terms of how we looked

at this. We looked at everything that was traditionally identified as training, as well as other things that Congress was interested in, such as the JCET program, which we would not normally put into that security assistance bucket. So this was a massive effort, and we provided it as quickly as we could in as comprehensive a form as we could.

The reason the JCET is classified is because we didn't have time to go through it and declassify and still get it to you before the hearings started. We are declassifying it as quickly as we can. We have a different report coming up with similar information, and that goes through a different process, and it does come up declassified, and I believe that is provided on an annual basis and will continue to be provided on an annual basis.

Ms. PELOSI. But you don't have this information on a country-by-country basis? Nobody can, say, report on this is what we are doing in this country in these different categories?

Mr. BODNER. On the justification quiestion, I will turn to Mr. Holum for that.

Mr. HOLUM. What we responded to was what we understood to be the request to provide the foreign policy justification for the programs. Each instance of training under IMET and other programs that we fund should be justified at the program level, at the training level, in light of those foreign policy considerations. So that is what we thought we were asked for.

Ms. PELOSI. So you don't have—then you decided that——

Mr. HOLUM. This does include—but there is, for example, depending on the size of the program and the importance and sensitivity of the country, in every case involving our programs, the mission program plan of the embassy includes the determination at that level of what will be done in that country that year. And that becomes a part, justified in light of the foreign policy objectives that we cited in the report. And so it is integrated at the embassy level and very often also at the State Department level, the regional level, into a program plan for that particular country.

Ms. PELOSI. But that is what the report would be, a justification of the foreign policy along with the spelling out of what form the training took place. I find it disappointing to have a listing. I mean, we are all familiar with the tactic of loading people with information, and I appreciate that this is—and I am not putting this in that category—but I am saying that I was very disappointed that we got a listing rather than a justification with an enumeration of what was happening to see what the match was between the two.

Mr. HOLUM. Well, what might make sense, and we would be happy to cooperate with you on this, is to focus on particular countries of concern and look at the mission program plan.

INDONESIA

Ms. PELOSI. Let's talk about Indonesia. Much of the JCET activity has been publicly reported in the press, particularly in the case of Indonesia. Can you comment on future plans for JCET planning? I would like to know the foreign policy justifications. What role does it serve? Is it still going on there? How does the extent that the U.S. has a role in intelligence forces and the army square with the killings of civilians during disturbances? And to what extent

should Congress be involved in decisions to deploy troops in a training capacity for JCET activities?

I wanted to put it all out there so you could answer it not question by question, but in a more comprehensive way. Some of our unhappiness about this whole military training is related to quotes—I don't know whether they are true or not, and we would hope that your report would dispel them—from the military that they really did not have any intention of honoring the intent of Congress on the training; that they would go around Congress' intent on the training.

Mr. BODNER. Let me address this if I could, because that is a very important point. I want to assure you that we very sincerely tried to be as responsive as possible on pulling this together, and this was a massive job in a very short period of time.

With regard to the question that you just posed about whether there is some attempt somehow to evade the Congress, I would like to say that out of all the activities listed here, I believe that something like 90 or 95 percent of them, in fact, fall under the traditional security assistance which passes through this subcommittee—as opposed to other things, such as 1004 activities. But we do have that authority granted by the Congress for the 1004 activities and similar activities.

Ms. PELOSI. That still doesn't give us the justification for why.

Mr. HOLUM. As I understand it, the JCET program in Indonesia was canceled in May of 1998, and it hasn't been resumed there. So for 1999, our military training with the Indonesian military is limited to small programs of humanitarian, engineering and medical activities. There is also a mobile team providing training in human rights awareness and civil-military relations. The question of restoring—of proposing—and that is under E–IMET—the question of restoring full IMET to Indonesia is still under discussion. It hasn't been resolved.

Ms. PELOSI. Mr. Secretary, who is responsible for determining that a given military activity in a given country fits into our foreign policy toward that country?

Mr. HOLUM. Going back to what I was saying earlier, I think the primary responsibility is for the mission in the country, for the ambassador in the country to make a determination that that activity is consistent with our foreign policy goals in the country, whether it will become a part of the mission program plan or, if it is a JCET or CINC's sort of program, it will be coordinated at a minimum with the embassy, which is the repository of our policy toward that country.

Ms. PELOSI. So the CINC and the ambassador.

Mr. BODNER. The country teams are actively engaged in helping to identify the relevant activities, including JCET activities, and they are the ones who provide, for example, the human rights report that comes back to the Department before activities are carried out, and that is appropriate.

Mr. HOLUM. That is a red light. In terms of the green light, in terms of the decision to proceed, it is part of a mission program plan that would be developed at the embassy level.

Mr. CALLAHAN. Ms. Kilpatrick.

Ms. KILPATRICK. Thank you, Mr. Chairman and Ranking Member.

And I think following up on my Ranking Member's question, as a new member of the subcommittee, I am kind of concerned in looking at a $6 billion budget that is before me, a little over 6 billion. Through my calculations, I see less than $120,000 for the largest continent, most populous in the world. That kind of bothers me a bit.

And I guess my first question—and that, I think, is what my Ranking Member was asking—is what determines who gets the money, what kind of things? I think you started talking about the ambassador and so forth. Is there a formula, or is it all politics?

AFRICA

Mr. HOLUM. No, it is certainly politics in the sense of our relationships with the various countries and the identification of needs through the embassy. The process of building the budget is regretfully largely a process of what the Chairman was referring to before of setting priorities, identifying urgent needs, identifying cases where funds can be productively used for specific purposes, including a number of initiatives in Africa, a crisis response initiative and a number of others.

But the overall process is one in which all of the regional and functional considerations make their case, and ultimately the Department of State arrives at a position, and then we go to the ultimate arbiter for the administration, the Office of Management and Budget, who correlates everything.

Ms. KILPATRICK. I want the record to reflect that I am not trying to take any funds from anyone or any part of the world that is receiving them.

Mr. BODNER. Could I comment on your question, because we at DOD have a very strong interest in working with African countries in a variety of ways.

Our FMF proposal for this year proposes $10 million for FMF for the African Crisis Response Initiative and for East African regional activities. And the idea there is to work with countries to help build up their capabilities so that they can become more self-sufficient as well as able to work with us effectively. For the IMET program we are proposing $8.5 million for training and education for military and civilian personnel from African militaries and defense ministries in the United States.

Secretary Cohen and I were just in South Africa, and we have an extremely extensive program of cooperation with the South African Defense Ministry and military. We have conducted a great deal of collaborative work with them on equal opportunity, for example, especially with Major General Jackie Sedibe who is in charge of EEO there. It is an extremely important issue for their armed forces, because they integrated seven different armed groups into their military at the time of changing governments, and now they are in the process of downsizing, and you can imagine the difficulties that are involved in that as they choose who to discharge and reforming promotion policies.

Ms. KILPATRICK. I appreciate the work that you are doing. Can you prepare for me something addressing the African continent and what you are doing and what you plan to do with some projections?

Mr. BODNER. Absolutely.

Ms. KILPATRICK. The Chairman in his opening remarks mentioned Angola and the new Republic of Congo and Eritrea. I was in Eritrea in 1997, when they were at peace for that period of time they have now started fighting again. I am concerned as to how we could help. And again, I don't want to take funds. I know strategically in terms of the Middle East, where I have also visited, as well as the conflict in Kosovo and the former Russian republics, there are strategic military weapons of mass destruction, and those kinds of things, which we have to protect ourselves from.

I am kind of surprised, Mr. Chairman, that our budget is so small with what is happening in the world and the role that the U.S. plays. I know the small foreign operations budget is a matter of caps, politics, what is available and all of that. As we move to this new century, security in the world, something that we all work to achieve so we all live in a safe and secure environment. This is a global economy now. In a few clicks of the computer we can be anywhere. We must ensure the security of our troops, as well as their families, and our children.

So you have an awesome responsibility. I do recognize that. I would like to work closely with you to see how I can help to further financing as well as peace.

Mr. BODNER. I would again say that DOD certainly has a strong interest. We have had to have military forces engage in Africa repeatedly in the last couple of years to deal with problems, and what we want to do is to have a long-range strategy to prevent problems and to buildup capabilities and professionalism so that problems don't arise, rather than trying to step in and stanch problems after they arise. And this is, again, an ongoing effort.

We are hosting a meeting among the South African Defense Ministry leadership meeting in the United States a week after next, and it is a sign that we are absolutely committed to working with colleagues in Africa. We are proposing the restart of our IMET program in Nigeria, $425,000 this year. We very much would appreciate your support for that.

Ms. KILPATRICK. I will look forward to working with you.

I noticed on the list that staff gave me, when you discussed sub-Saharan countries, there were several northern countries in that list. I believe there are 40 of them. I don't know how many, but I did notice Nigeria, which I would consider not sub-Saharan; that is, not to be included in the sub-Saharan list that was given me. How do you determine what is sub-Saharan? Obviously it is not below the Sahara Desert. Is there some other definition?

Mr. HOLUM. I don't know which list you are referring to.

Mr. BODNER. I have a list right here, and these were the numbers that I was referring to.

Mr. HOLUM. Nigeria is on here.

Ms. KILPATRICK. So Morocco, Egypt—those would not be sub-Saharan countries.

Mr. BODNER. That is correct.

Ms. KILPATRICK. Anything more southern than those, like Nigeria, which is west and southern, that is a sub-Saharan country. So it is Tunisia, Morocco, Namibia; 90 percent of the continent would be. When we say sub-Saharan, I think most people think below the Sahara Desert, but it is not that. It is also some northern countries as well.

Mr. HOLUM. I can add on the development side, one of the problems with considering the budget in segments is that we are doing the security assistance portion, and the total in the 150 budget accounts for Africa is a billion dollars, including assistance.

What we are focusing on here is funding that is specifically related to security concerns, and there are a number of extremely important initiatives. The one that I think has been most visible and is proving successful and requires continued investment is the Africa Crisis Response Initiative, which is basically a program to do a big part of what Jim Bodner said, to avoid the requirement for troop deployments by generating an indigenous trained capability for crisis response in African countries. And it is already paying dividends. It is not a large investment of funds, but it involves dedicating not full-time, not a standing force, but dedicating trained personnel, equipping them with communications capabilities and so forth, to respond to crises in the region.

Ms. KILPATRICK. Is it within your jurisdictional responsibility, to put the various pools of money together and show me total dollars in the programs? I would like to work with you.

Mr. HOLUM. Absolutely.

Mr. BODNER. Absolutely.

Mr. CALLAHAN. Let me respond to your concerns about sub-Saharan and the distribution of the money. I think this committee does it exactly right by giving as much latitude to the administration as we possibly can.

For example, we give $600 million to the administration each year for child survival to take care of children. If they want to spend it all in sub-Saharan Africa, they can. And they do—that is not in here, but they do spend a great percentage of it there, but we don't say, spend it here, spend it there.

As you well know, we will be allocated maybe $12 billion if we are fortunate, maybe $10 billion. So if it were left up to me, I would write the State Department a check for $12 billion and say, run foreign policy, but it is not left up to me, and we have to do some things that we do because we have to appropriate the money for Israel. That is a political reality.

Ms. KILPATRICK. I understand. It is a very important part of the world.

Mr. CALLAHAN. We have to appropriate the money to Egypt, because that is sort of a political reality. So it leaves us with very little money left when you compare the entire budget. But we try to give the administration as much flexibility as we can.

But now comes the problem that I was talking about with KEDO. They are here and telling us they want another 40 percent increase, $20 million increase, increasing it from about $30 million to $55 million, or $25 million, to buy some oil for North Korea, who is developing a nuclear capacity probably, at least a missile capac-

ity, to attack the United States of America. And they are telling us to earmark money for that.

Then they tell us to earmark Israel. Then they come and say earmark Egypt. And then they come and say, also, earmark the interest, create an interest-bearing account, because you are not spending the Egyptian money fast enough. They tell us all of these things which probably comes to $20 billion if you look at it, which we don't have. And then they go out and complain about this committee and this Congress not giving them what they asked for, and if there is a disaster and we don't give them the $55 million for North Korea and they attack Japan, they are going to blame it on us and say, well, if Congress had given us the $55 million, we could have precluded this.

So it is a difficult committee that you are serving on. When we try to do the responsible thing by giving the administration the flexibility to utilize what limited resources we have, it puts us in a bad position. But we do try to give them as much flexibility as we can.

With respect to the military training in Africa, I agree that we should, because the reason we are training military forces in Africa is to hopefully preclude the necessity of sending our own people there someday. So it is important. But I don't know what the solution is. We give them as much flexibility as we can. We don't say, spend this money here, except for a few countries. In fact this committee doesn't hardly earmark any money except what we are politically required to do because of the political situation with respect to earmarks to Israel and to Egypt and to, admittedly, Ireland. But then I am Irish.

Ms. KILPATRICK. I support that, sir. I support you and the leadership. I married that name. That is right. I do support you, Mr. Chairman. I appreciate your leadership on this, and I know there is not enough money to go around, and we must be spending it wisely and making it work.

My concern and interest in Africa and around the world is that we do make countries stable so that economics can grow, so they can take care of themselves, and grow their own food, and take care of their children. It ripples on. I appreciate your commitment.

Mr. HOLUM. Mr. Chairman, at the risk of getting us back into KEDO, may I correct a statement I made earlier?

My written statement has it correct that of the $55 million, some portion of that is for debt reduction. Those are three things: Reduction of the debt, the next year's purchase of heavy fuel oil, and our share of the administrative costs. So I didn't want to leave it confused on the record.

Mr. CALLAHAN. Are you finished Ms. Pelosi?

Ms. PELOSI. No.

BOSNIA

Mr. CALLAHAN. Let me just get a brief question answered. Let's talk briefly about Bosnia and the removal of the President, you know, which reeks of at least philosophical understandings of what democracy is all about, that the high representative in Bosnia just ordered the removal of the President, who was freely elected, from office.

Now, I mean, what are we going to do about that? Is that your understanding of what we thought Bosnia would do with respect to moving towards democracy or—what are we going to do about that, nothing?

Mr. BODNER. Perhaps I could offer a brief response, and Mr. Holum might add to it.

My understanding is that the High Representative acted under the authority that is contained in the Dayton agreements and that the Peace Implementation Council has affirmed several times over the last couple of years. He did so because the behavior of President Poplasen was inconsistent with the Dayton agreements, threatened the Dayton agreements, and indeed in the letter that Poplason wrote to the High Rep, implicitly threatened NATO forces.

Mr. CALLAHAN. What did he do?

Mr. BODNER. In the opinion of the High Rep, President Poplasen is attempting to remove the Prime Minister, who is also put in office through democratic means, and doing so in a manner that was inconsistent with the Constitution and, underlying that, inconsistent with the Dayton agreement. And as I say, President Poplasen expressed implicitly in this communication with the High Rep a threat to NATO forces. And I think you can appreciate the fact that we don't countenance that very well.

Mr. CALLAHAN. Well, let me ask you the same question. You answer it this time and listen very closely: How long are our troops going to be in Bosnia do you think? We have already passed that 1-year projection that we were told, the Congress was told. How long are we going to be in Bosnia?

Mr. BODNER. I think we have learned the lesson to focus on the end state and not an end date.

Mr. CALLAHAN. The question is, once again: How long are we going to be in Bosnia? Months? Years? Just all I need is one line. How long do you think we are going to be in Bosnia?

Mr. BODNER. The President has identified several benchmarks, and I think it will take a period that will extend at least another year there. I would say that we have drawn down our forces significantly. At one time they were in excess of 20,000. Last year——

Mr. CALLAHAN. I appreciate all of that. Listen, next week is Saint Patrick's Day, and I have been watching all of these television specials where these so talented Irish people are doing this beautiful dance. And you are such an excellent example of dancing, maybe you could teach me to do that.

I understand you are not going to answer that because you don't know, and none of us do.

You mentioned—your request there mentioned that we fund the Hurricane Mitch situation. We are going to begin doing that at 1 o'clock today in full committee. I don't know what we are going to do about—I don't think you ever answered, but we don't have a whole lot of time, just briefly, what about the pipeline interest-bearing account for Egypt? What is your justification for that? Is it fairness because Israel gets theirs in advance or what?

Mr. HOLUM. That is certainly part of it. As the Wye supplemental proceeds——

Mr. CALLAHAN. There is no Wye supplemental.

Mr. HOLUM. Well, as the Wye settlement proceeds, what we have tried to do is through the Department of State and the Department of Defense work on reviewing ways to accommodate Egypt in light of the proposed reductions in economic support funds and the increase in foreign military financing for other countries in the region, Israel for example. And what this will do is help maintain some funding parity between our partners in the region.

We set the account at $470 million, because $470 million is the amount already required to be deposited and is deposited should termination of the Egyptian foreign military sales program take place, and that has to be on hand to compensate for the sales.

As you probably know, the estimated yearly cost of this would be $24 million. But that is the basic rationale for it.

Mr. CALLAHAN. This latest announcement that Secretary Cohen is announcing today or yesterday about the military purchases for Egypt, does that pretty well deplete, or is that—does that come out of FMF financing?

Mr. BODNER. That is continuation of the existing programs.

Mr. CALLAHAN. This is the new press release that came out yesterday or today.

Mr. BODNER. As I say, yes, he was in Egypt. They talked about their ongoing programs.

Mr. CALLAHAN. I mean, won't that deplete the obligation of that, deplete most of the pipeline monies for Egypt?

Mr. BODNER. Well, those are planned programs already programmed in there, so it is a continuation of existing programs, and the budget submission takes into account those activities.

Mr. CALLAHAN. You all think we ought to give Israel that money on October 1st of each year. Is that good foreign policy? Does that help you out?

Mr. HOLUM. Yes.

Mr. CALLAHAN. I am not making light of what you are doing, it is just these things seem sometimes strange to me. We are not going to—or at least I am not going to agree to the Egyptian pipeline money. I told President Mubarak this as well as the Ambassador. And you all you talk about parity, equal treatment of countries in the region. You must keep in mind that we forgave a huge debt to Egypt during the Desert Storm crisis and that there was no parity suggested then, and that the very fact that we forgave that huge debt, I think it was $7 billion, I think that if you are looking at fairness, then you ought to include everything, not just one aspect of it.

And the fairness of the advanced payment to Israel opposed to an interest-bearing account for fairness I think is more than evenly offset by the forgiveness of debt that we gave to Egypt during the Persian Gulf crisis. So that is not a good—and I have expressed that to Mr. Mubarak, and I don't think we are going to consider it anyway. Anyway, we don't need to talk about that anymore.

So now we will go back to Ms. Pelosi.

Ms. PELOSI. Thank you very much, Mr. Chairman.

Mr. Chairman, I was listening with interest to your comments, as well as your comment to our colleague Ms. Kilpatrick, and isn't she a wonderful addition to our committee? Very attentive.

Mr. CALLAHAN. I didn't know she was Irish.

Ms. PELOSI. She wants the statements of the witnesses in advance so that she will have them read before, so I want the administration to know that our new Members share in our concern about getting statements early. No reflection on the gentlemen who are here right now.

Actually, you and I agree about the latitude that should be given to the administration with the dollars that are allocated for them. We agree because we agree they should have the latitude, except where we have areas of disagreement. You disagree on Korea, Haiti, Bosnia, possibly Egypt, et cetera, and I disagree on other areas.

Mr. CALLAHAN. I voice my disagreement, but I have given them, for example, every penny they have asked for. And I have given you almost every penny you have asked for.

IMET

Ms. PELOSI. And every penny I have ever gotten. But the point is that we do have some—I, for one, as a matter of conscience and constituency, will not give latitude to an administration—and I am not saying that this administration, but in the ongoing—that has used IMET funding to bolster armies which have violated the rights of people in those countries, whether it is Indonesia, Guatemala, and there are others.

I was interested that President Clinton in his statement in Guatemala said, "For the United States, it is important that I state clearly that support for military forces and intelligence units which engaged in violence and widespread oppression was wrong and the United States must not repeat that mistake." And I completely associate myself with that remark and will be ever vigilant when the military decides to circumvent the intent of Congress to do training when they know that there is a prohibition directly on that kind of military training; witness Indonesia, repression in East Timor, attacks on noncombatants there. So that is one point I want to make.

LANDMINES

Another area which I don't really need an answer to, in fact there is not time for, is in the area of land mines. Mr. Holum—and by the way, Mr. Holum, your position as Acting Under Secretary, and I hope Under Secretary of State for Arms Control and International Security Affairs, is a very, very important one, per se, but its importance is not lost on many of us in the Congress, and we are pinning our hopes on you because disarmament arms control issues are at the end of the day the most important issues. Everything else we can accommodate or put off or fight longer for, but proliferation of weapons and our own buildups and those of our allies in my view puts our best brains to our most destructive means, and I think our resources should go someplace else.

Of course we have to have a strong national defense, but I was disappointed in your characterization—I mean, I thought it was

overly optimistic, shall we say, of your comment—I have in my notes, "The primary objective of the President's Demining 2010 initiative is to accelerate international demining operations and to stimulate substantially and increase resources internationally, both from other governments and the private sector."

I think that those words would mean a lot more if the U.S. were part of the Canadian initiative, the Canadian Convention on Demining.

SCHOOL OF THE AMERICAS

I want to move on, though, to a couple of questions about the School of the Americas, which I have shared with many of my colleagues in the Congress. In the aftermath of discovery of manuals used at schools, which are familiar to us, the DOD committed to improve the oversight of the curriculum by issuing a directive on training programs meeting human rights standards. Has that directive been issued? Could you provide us a copy of it? What steps have been taken to assure that all curriculum developers and instructors are aware of the directive? Is there any oversight beyond that exercised by the board of advisors on the School of the Americas' curriculum?

Mr. BODNER. Yes indeed, beyond that the Secretary of Defense is required to certify each year as to the content of the program there. He recently submitted yet another annual certification, and in it I believe he stated not only do the courses and curricula at the School of the Americas meet the standards that we apply at our own military education programs, but they exceed them when it comes to questions of human rights curriculum and international and humanitarian curriculum.

Ms. PELOSI. In that kind of certification, then, you must have—do you have some documentation or assessment of the performance of the School of the Americas' graduates in 1997 and 1998? Are any of these graduates implicated in human rights abuses? What are they, if they have? And how many students—describe how many students are enrolled in human rights training, the training course, in 1999, and describe the planning to offer it in 1999 as well.

Mr. BODNER. With regard to how many students were enrolled in a particular course.

Ms. PELOSI. Train the trainer.

Mr. BODNER. We could probably provide it. I have been told it is in the report here.

Ms. PELOSI. I know. I say, it is in my files. You go find it.

Mr. BODNER. We will identify the data for you. Let me also——

Ms. PELOSI. I am sure you will be able to provide that for us directly.

[The information follows:]

In fiscal year 1998, the U.S. Army School of the Americas did not have any students who took the Human Rights Train the Trainer Qualification course. This same course has been made available to Latin American countries for fiscal year 1999, and there are currently no students scheduled for enrollment at this time.

Mr. BODNER. Let me also add, as Secretary Holum has said, in the Western Hemisphere we now have a democratic hemisphere. We have governments of legitimately elected, credible leadership; democratically elected, committed to reform in most cases. And it

is those leaders, reform-minded people, who come to us and ask us to engage their militaries.

Ms. PELOSI. I was really asking a more direct question about whether any of the graduates of the School of the Americas have been implicated in human rights violations in 1997 and 1998, those graduates? Do you know?

Mr. BODNER. I don't have the information right here to give you on that.

Ms. PELOSI. So the certification is based on the curriculum, but not the performance of the graduates; is that correct?

BLACK HAWK HELICOPTERS

Mr. BODNER. Certification attests to what the training program and the education program is at the school.

Ms. PELOSI. So you don't have any results about the improvement? We have had some pretty unsavory characters graduate from the School of the Americas, and I am assuming from the certification there has been some improvement in that. We have been more discriminating in terms of who has been allowed to go there, and the record of recent graduates is an improved one. Would that certification—am I inferring incorrectly from the certification?

Mr. BODNER. The certification, the content of which is dictated by law, addresses what the training activities and the education activities are.

Ms. PELOSI. But you have no record of the performance of the graduates?

Mr. BODNER. We don't individually track every person who goes through one of our training programs.

Ms. PELOSI. But you don't know of any notorious violation of human rights?

Mr. BODNER. I am not aware of any notorious violators as you have described.

Mr. HOLUM. We do vet.

Mr. BODNER. Certainly, before people come to the school, of course, we do vet. And many of these individuals——

Ms. PELOSI. The Chairman is appropriately admonishing me about the time. But I want to get into—and then I will submit the rest of my questions for the record, and unfortunately some of my colleagues share some of these concerns, and they are not here to ask them. The Import-Export Bank recently funded the sale of armored personnel carriers to Turkey. One-time, 10-year-old authorities were recently used to fund the sale of 50 Black Hawk helicopters to Turkey. Some American companies are attempting to get the Eximbank approval to use the same 10-year authority to fund the sale of 50 attack helicopters to Turkey as part of a larger sale.

What is your position on the use of this authority? Do you think U.S. companies will be allowed to make this sale to Turkey given your promises that such a sale would be contingent on meeting certain human rights conditions?

Mr. HOLUM. You are talking about the attack helicopters?

Ms. PELOSI. Yes.

Mr. HOLUM. Well, the issue hasn't explicitly arisen now. As you know, Prime Minister Yilmaz discussed this issue with President Clinton, discussed this issue with him in December of 1997, and he

made commitments to concrete human rights reforms. And when we consulted with the Congress prior to issuing the marketing license for the attack helicopters, we made clear that if a U.S. company wins the competition, our sale will be based on all the elements of the arms export control policy, which includes an evaluation of Turkey's progress on human rights.

There have been some positive steps, including the submission of legislation that we have called for increasing the accountability of civil servants and easing restrictions on free speech. Their attack helicopter competition is still going on. We don't know if a U.S. company will be chosen, but if a U.S. company is chosen, the decision on arms sales will be based on our arms export control policy, including our expectations on the human rights side.

Mr. BODNER. May I just add that regardless of the financing, the sale has to go through the licensing process as Mr. Holum has described.

EX-IM FUNDING AUTHORITY

Ms. PELOSI. But my question was do you—you answered part of my question. The other part of my question, what is your position on the use of this authority, this 10-year-old authority, to use Exim? See, I don't think that the American people think that we have established the Eximbank to facilitate arms sales, so some of us have a very particular view about that, and that increases for the—Eximbank money is very scarce around here, as you know, and the opportunity costs are only one consideration. If we are spending it here, then we are not able to provide financing and et cetera for other exports from the U.S. And so many of us would oppose Exim going down this path. Now they are using this old authority in these cases, and I am asking you what your position is on the Exim using this old authority for the attack helicopters.

Mr. HOLUM. I will have to give you a response for the record because I have been intensely involved in that subject, but it has been several years since I focused aggressively on it. I will get back to you.

[The information follows:]

EXPORT-IMPORT BANK FINANCING

The Administration will not use this authority to finance the sale of attack helicopters to Turkey. This authority was established in 1990 to provide financing for the export of utility helicopters to Turkey and Greece. This facility allows for deliveries up until June 2001, or until the Ex-Im credits are used up.

A contract for the sale of 150 Sikorsky Black Hawk Utility helicopters was signed in 1922. Under this contract, 53 helicopters have been delivered. Effortrs are now underway to use this authority to execute the sale of 50 Black Hawk helicopters to Turkey. Since these 50 helicopters are within the scope of the original authorization, this authority can be used for the sale of these additional utility helicopters.

Financing for attack helicopters is not within the terms of this facility. Turkey's attack helicopter competition of still going on, and we do not yet know if a U.S. company will be chosen. Two U.S. companies, Bell/Textron and Boeing, are in the running. If a U.S. company wins the competition, our sale approval would be based on our arms export control policy, which will include an evaluation of Turkey's progress on improving human rights in its country.

Mr. HOLUM. As a general proposition there are two questions. One is should Eximbank authority be used for exporting military equipment. I personally think that once we make a determination

that a military export is in our national security interest, and that should be the basis for making the judgment, not out of the relationship, but out of the seriousness of the security interest, then we should advocate it. Whether Export-Import Bank financing should be available depends on a lot of factors including the one you cited of opportunity costs.

Ms. PELOSI. Or us becoming the arms salesmen of the world and then saying to other countries that you shouldn't do this, and we are financing it. And the free market system—all of these people who advocate the free market system, it is, see, they can't do anything without Uncle Sam holding their hand.

Mr. HOLUM. Part of the—some of the helicopter transactions here are not military helicopters. They are unarmed.

Ms. PELOSI. Would you call the attack helicopter a nonmilitary?

Mr. HOLUM. No, that is a misnomer.

Mr. CALLAHAN. Let me answer that my understanding of part of that was that authorization was given to Eximbank by this Congress at the insistence of Senator Dodd 10 years ago, and this is fulfilling the commitment that his committee under the direction of Mr. Obey—that Exim is operating under the authority granted then.

Ms. PELOSI. Very old. You are right, Mr. Chairman.

Mr. CALLAHAN. And also there is some question as to whether or not some of the personnel carriers are really for military activities. I think they have some other agencies within the Turkish Government that had requested the personnel carriers, but they are not defense-type people. They are more policemen.

Ms. PELOSI. Thank you, Mr. Chairman. Thank you, gentlemen.

KEDO

Mr. CALLAHAN. Thank you, gentlemen. I appreciate you for coming. I am sorry to have made light of some of the concerns I have, but I think you know where I am coming from. We are going to be as generous as we can under the circumstances. We have to explain these questions when they come to the floor. And even though I disagree, for example, with KEDO, when it comes to the floor, I have to wind up defending it, and, therefore, I have got to have some answers to these things that no doubt will surface on the floor of the House and during the process. So it is important that you all explain to us. I don't know if we are going to be able to come up with all the money for anything, but KEDO specifically, we will do the best we can. And we thank you very much for being here.

[Questions and answers for the record follow:]

SUBMITTED TO THE DEPARTMENT OF STATE

QUESTIONS FOR THE RECORD SUBMITTED BY CHAIRMAN CALLAHAN

Question. Mr. Holum, the Administration's budget request for FY 2000 includes $5,000,000 from the FMF account which, according to the State Department's congressional presentation document, is to "bolster the capabilities of East African states (Eritrea, Ethiopia and Uganda) . . ." through its "Front Line States" initiative.

Please provide a breakdown of how much funding will be made available to each nation in fiscal year 2000.

Answer. $5 million has been requested for FY 2000, but has not yet been allocated to any of the three 'Front Lines States' (FLS)—Ethiopia, Eritrea, and Uganda. Allocations among the three participating nations cannot yet be made, since our request is pending before Congress and we have suspended FLS assistance to Eritera, Ethiopia, and Uganda. Allocations to Ethiopia and Eritrea may later be made if a peace settlement is reached.

Question. Given that Eritrea and Ethiopia have spent much of the past year engaged in military conflict with one another, how does the Administration justify providing military aid to either nation in fiscal year 2000?

Answer. The Administration will not approve additional military assistance to either nation as long as fighting continues, except for limited professional military education conducted in the United States. Our request for military cooperation funds for FY2000 presumes that a peaceful resolution to the conflict will be found, which will permit us to renew the effective military-to-military relationships that existed with both countries prior to the outbreak of the border conflict.

Question. What steps has the Administration taken to ensure that U.S. military hardware is not used to further the tensions between these two nations?

Answer. The Administration has not and will not approve licenses for sale or transfer of military equipment to either country that would further their pursuit of the conflict, nor will the Administration approve the allocation of any assistance funds for military use. This policy will remain in effect until hostilities have definitively ended.

Question. What estimates are available to the Administration about the financial costs to Eritrea and Ethiopia from this war?

Answer. Both governments have kept arms purchases secret, and have purchased a variety of military equipment and materiel from a range of suppliers. Unclassified reports note that costly, sophisticated equipment, including high-performance aircraft and artillery, have been acquired by both countries.

Question. For Fiscal Year 1999, the Administration has notified Congress through its section 653(a) process that it intends to provide $5,000,000 in FMF to these "Front Line States". What will these funds be used for? How much funding will be provided to each country?

Answer. If hostilities cease, Front Line States funds will support procurement of non-lethal military supplies and equipment for Eritrea, Ethiopia, and Uganda, such as boots, radios, and individual clothing and equipment. No funds have yet been allocated, since our request is still pending before Congress. Some funds may also be used for storage of two C–130 aircraft acquired by Ethiopia prior to the outbreak of hostilities and not yet delivered to it, as well as storage of spare parts procured for the C–130s.

Question. Does the Administration have any information that U.S. equipment, made available in the past through the FMF program or the African Crisis Response Initiative, was used during the hostilities during the past year?

Answer. All equipment provided to Uganda is non-lethal. However, we have no information that any equipment provided to Uganda under the "Front Line States" (FLS) initiative or the African Crisis Response Initiative (ACRI) has been used in the conflict in the Democratic Republic of the Congo.

Neither Eritrea nor Ethiopia has received equipment under ACRI. Equipment purchased under FLS is limited to non-lethal items such as radios, individual clothing and equipment, and repair parts. Repair parts accompanying the two C–130 aircraft that were delivered to Ethiopia prior to the beginning of the border conflict with Eritrea may have been used in support of the Ethiopian Army. However, we have no information that any other FLS or FMF equipment provided to either Eritrea or Ethiopia has been used in the conflict.

Question. Mr. Holum, the Administration's budget request for FY 2000 includes funding for IMET programs for a number of governments—Eritrea, Ethiopia, Uganda, Rwanda, Congo, Zimbabwe, and Angola—that have been involved in regional conflict during the past year.

What is the justification for IMET training for governments which are engaged in conflict?

Answer. The United States continues to play an active role to help prevent and resolve African conflicts. Good governance and sustained economic development cannot thrive in an environment plagued by recurring armed conflict. This premise remains true as we face the current conflicts.

In the past, we have been quick to sever all military-to-military engagement with countries at the outset of a conflict. This frequently has had the undesired effect of reducing our influence with governments with which we are trying to negotiate for the cessation of hostilities. Often this knee-jerk termination of IMET and other military contact hinders our ability to promote peace at a time we need it the most.

Once severed, these ties and the mutual confidence we have built through IMET and other programs are very difficult to reestablish.

Because of our strong opposition to conflict situations, we cannot continue with "business as usual" with these countries, and yet, we do not want to cease all military contacts. Now, we are more likely to reduce our military contacts with countries involved with conflicts, while not completely severing the relationship. For example, on a case-by-case basis, we might reduce our military engagement in a given country by canceling scheduled exercises and/or denying export licenses for some items, while retaining an IMET program for courses conducted in the United States.

Examples of actions we have taken this year because of regional conflicts include the canceling of scheduled exercises in Rwanda, Ethiopia, and Eritrea, the postponement of Africa Crisis Response Initiative (ACRI0 training in Ethiopia and Uganda, and the denial of several export license requests for military items to Uganda, Eritrea and Ethiopia, while allowing IMET training to continue in the United States for these countries.

Retaining IET in this manner allows us to maintain our ability to positively influence human rights, ethical conduct, civil control of the armed forces, and professional military values in these countries. These are important democratic attributes that we cannot support by cutting training in precisely these same areas.

For these reasons, and in anticipation of success in our bilateral and international mediation efforts in the ongoing African disputes, we have requested IMET funding for some of these countries in crisis in FY 2000.

Question. Will these IMET funds be used to train or educate military officers directly involved these conflicts?

Answer. Although, in future years, it is possible that some of the officers involved in these conflicts may participate in IMET training, each student will be screened as required under current Congressional mandate to ensure they are not participating in gross human rights violations. These screening procedures for IMET students are already in place and operating in our embassies abroad.

Question. Mr. Holum, the Administration's budget request for FY 2000 includes $26,500,000 from the Economic Support Fund for an Asia regional financial crisis program. However, congressional presentation documents provided to the Committee give very little detail about how these funds will be spent.

Please provide the Committee with additional justification for this program, including which countries will be recipients and what types of programs will be implemented.

Which U.S. government agency will administer this program?

Answer. The Accelerated Economic Recovery in Asia (AERA) Initiative is designed to help the Asian reigon recover from its protracted economic crisis by addressing key weaknesses in the economic, governance, and social systems of three crucial countries; Thailand, Indonesia, and the Philippines. The crisis has increased Asian receptiveness to reforms the U.S. has long encouraged. As these reforms are implemented, the overall business climate will be improved to the benefit of all commercial activities, including those of U.S. firms.

The initiative will achieve its objective by restarting bank and business activity, improving transparency and accountability in banks, businesses and governments, and improving the targeting, coverage and availability of social programs for vulnerable populations.

Based on country-specific analyses, AERA will support the following types of activities in FY 2000 that represent immediate needs and complement existing bilateral and multilateral donor programs.

Provide assistance and training to improve bankers' skills in risk assessment and management and credit analysis;

Provide assistance and training to local corporations on debt restructuring, problem loan workouts, and debtor/creditor agreements in targeted sectors;

Train Small-Medium Enterprise (SME) executives to analyze and improve profitability;

Provide technical assistance and training to improve bank and corporate accounting and to encourage the adoption of internationally accepted accounting standards;

Support reform and implementation of key commercial laws that govern bankruptcy and foreclosure;

Work with stock markets to improve the enforcement of disclosure requirements for publicly listed companies;

Improve the analyses and coordination of anti-corruption efforts by accountability organizations;

Expose key government agencies to best practices in public sector governance from other countries through training, seminars, and technical assistance programs;

Strengthen epidemic and nutritional, surveillance systems through technical assistance;

Improve targeting of social safety net programs, such as unemployment insurance, pension programs, and targeted health and education subsidies.

The United States Agency for International Development will administer this program.

RUSSIAN ARMS TRANSFERS TO IRAN AND THE MIDDLE EAST

Question. Recent press reports indicate Russia is continuing to supply technical assistance to Iran to develop long-range missiles, and to develop its nuclear capability. According to recent public testimony by CIA Director George Tenet, "expertise and material from Russia has continued to assist the Iranian missile effort in areas ranging from training and testing to components."

The Administration is requesting that funding for Russia increase from $172 million in 1999 to $295 million in 2000. Much of this funding is for the new Expanded Threat Reduction Assistance Initiative.

What are the details of the threat reduction initiative?

Answer. The Expanded Threat Reduction Initiative seeks to intensify the partnership among Russia, the NIS, G–8 and others to address the security implications of the economic crisis that affected Russia and the other New Independent States over the past year, including increased risks of weapons of mass destruction proliferation. Over the next five years, we will seek $4.5 billion in funding from Congress to expand, increase and accelerate U.S. programs for Russia and the other NIS to help address high priority security, arms control and nonproliferation requirements. This reflects an increase in FY2000–2004 of $1.7 billion to an estimated $2.8 billion in previously planned programs. Additionally, the U.S. will strongly encourage the G–8, other nations and international financing institutions, to join in this effort.

The primary objective of this Initiative is to further reduce international security threats by expanding, increasing and accelerating U.S. and international assistance activities in Russia and the other NIS to address high priority security and proliferation areas. The Initiative seeks to build on the security cooperation and partnerships established over the past seven years and engage for the long-term with Russian scientists and WMD technical experts, scientific institutions, universities, WMD-related industries and ministries. Existing programs, such as the successful Cooperative Threat Reduction and other security programs sponsored by the Departments of Defense, Energy, State and other U.S. agencies will continue. This initiative would expand and accelerate these existing programs, create new programs where they are needed, and promote complementary assistance efforts by other nations.

We envision increased cooperation under the intensified partnership would fall in the following four priority areas:

1. Nuclear Security Programs: increased assistance for strategic nuclear delivery vehicle dismantlement, warhead dismantlement, transport and storage security; fissile material and spent fuel storage; material protection, control and accounting; securing highly enriched uranium (HEU) and cooperation in plutonium disposition; reactor core conversion; and transformation of the nuclear cities;

2. Non-nuclear Weapons of Mass Destruction Programs: increased assistance for Chemical Weapons Convention (CWC) implementation; physical security enhancements and related biological weapons (BW) infrastructure elimination; and export control system enhancements;

3. Science and Technology Nonproliferation Programs: increased assistance to engage weapons scientists and institutes and redirect WMD expertise to civilian research and commercial joint ventures under the multilateral International Science and Technology Center (ISTC); the Initiatives for Proliferation Prevention (IPP) program; the Civilian Research and Development Foundation (CRDF) and other science and technology programs; and

4. Military Relocation, Stabilization and Other Security Cooperation: ammunition disposal and force relocation assistance to help deal with the cost of military realignment outside of Russia and assistance to facilitate military downsizing and reforms to address destabilizing conditions resulting from severe economic crisis. Such assistance, for example, could contribute to the disposition of munitions in Transniestria and facilitate the withdrawal of Russian troops; funding from international sources could contribute to severe housing shortages that constrain troop downsizing and military reform.

Question. Why would we provide money to Russia that is designed to reduce their military threat, while on the other hand Russia is assisting Iran to develop weapons of mass destruction?

Answer. We are increasing our assistance to Russia because it serves U.S. national interests. Our assistance to Russia reduces and prevents the threat of weapons of mass destruction proliferation and helps ensure a democratic and market transition in Russia and the other NIS. The Administration's proposed Expanded Threat Reduction Initiative will substantially increase U.S. national security by reducing the threat posed by residual Soviet weapons of mass destruction (WMD) in Russia and the proliferation of WMD materials, technology and expertise to Iran and other rogue states.

Russian weapons of mass destruction pose both a direct and profound non-proliferation threat as well as a latent military threat. The economic crisis that affected Russia and the other NIS over the past year has greatly increased the threat of proliferation. The Administration has taken a leadership role in launching an international effort to head off the increased danger of proliferation. The specific programs included in this effort will, for example, make clear and direct contribution to U.S. national security by safely eliminating and securely storing thousands of Russian nuclear warheads and the fissile material derived from dismantled warheads, eliminating stores of dangerous chemical weapons, redirecting WMD expertise to civilian research and commercial joint ventures, and facilitating Russian military downsizing and reform by helping relocate forces and equipment from Moldova and Georgia to Russia.

Question. What steps has the Administration taken, and what steps will it take in the future, to persuade Russia to halt its arms transfers to Iran and other nations of the Middle East?

Answer. We are concerned about the possibility of sales to countries of concern (Iran, Iraq, North Korea, Syria and Libya) and have expressed these concerns to Russia on numerous occasions.

Russia appears to be abiding by the UN Sanctions on sales to Iraq. Under an agreement reached in 1995, Russia committed not to undertake any new arms contracts with Iran, but would service existing contracts. We believe Moscow is living up to that commitment.

Russian entities have recently sold anti-tank guided missiles to Syria. We have imposed sanctions against those entities and have warned Russia that any future sales could result in sanctions against the government.

Question. The 1999 appropriations act contains a provision that reduces our aid to the Government of Russia by 50% if the President determines that Russia is supply assistance to Iran's nuclear program. What is the status of this determination at the present time?

Answer. The relevant section of the Foreign Operations Appropriations Acts for the Fiscal Year 1999 provides that, of the funds appropriated under the heading "Assistance for the New Independent States of the Former Soviet Union", 50% of the amount allocated for assistance for the Government of Russia shall be withheld from obligation until the President determines and certifies in writing that the Government of Russia has terminated cooperation relating to the implementation of arrangements to provide Iran with expertise, technology or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs, or ballistic missile capability. The President may waive the restrictions if he determines that the assistance is vital to the national security interest of the United States and that Russia is taking meaningful steps to limit major supply contracts and to curtail the transfer of technology and technological expertise related to developing a nuclear reactor, related nuclear research facilities or programs, or ballistic missile capability.

Accordingly, as soon as appropriated funds were available for expenditure for this fiscal year, the Coordinator of U.S. Assistance to the New Independent States directed all agencies implementing assistance programs in Russia to withhold 50% of the relevant FY99 funds allocated for assistance to the Government of Russia until further notice.

Based on our current evaluation of Russian cooperation with Iran, particularly with regard to development of a nuclear reactor, we do not anticipate that it will be possible for the President to make the necessary certification or waiver under the FY99 provision. We are therefore consulting with the relevant agencies and with congressional staff regarding the 50% reduction in assistance to the Government of Russia. We are examining possible reprogramming of FY99 funds for assistance to non-governmental entities or for other countries in the NIS. Some portions of these funds are also being reprogrammed for assistance to front-line states affected by the Kosovo conflict. We will keep you and your staff informed as we give further consideration to these important non-proliferation and assistance issues.

ASSISTANCE FOR THE WEST BANK AND GAZA

Question. At the time of the Oslo Agreement, the President made a commitment to provide a total of $500 million in assistance for the West Bank and Gaza over a five-year period, including $75 million annually through the Economic Support Fund and $25 million in OPIC funding. The OPIC activities never materialized, primarily due to the fact it is very difficult for private companies to operate under the auspices of the Palestinian Authority.

We have met our five-year commitment through the Economic Support Fund by the appropriation of $75 million for fiscal year 1999. Now the President has requested an additional $400 million over three years for the West Bank and Gaza as part of the Wye River supplemental.

However, you are also requesting $100 million as part of the regular fiscal year 2000 budget for the West Bank and Gaza. Why do we have to fulfill a commitment that was never made? Can't we save that money, or do these five-year commitments continue indefinitely?

Answer. The Administration's budget proposal for FY 2000 includes an additional $25 million in economic support funds (ESF) for the West Bank and Gaza—bringing the total request to $100 million.

None of these funds will go to the PLO, nor will we provide any financial assistance directly to the Palestinian Authority.

We intend to use these funds to expand our assistance to the private sector, specifically to broaden our support for private trade organizations and help Palestinian enterprises meet international product standards.

We will also use the funds to expand our assistance in the water sector, which includes water management activities, water usage, wastewater treatment, and the reuse of water for agricultural purposes.

The additional assistance will be particularly welcome given the significant declines in the Palestinian economy since the signing of the Declaration of Principles with Israel in 1993—per capita income for Palestinians in the West Bank and Gaza has fallen by one-third since that time. The ESF increase will contribute to reversing this economic decline while building a constituency for peace.

The additional funding requested for the Palestinians as part of the Wye Supplemental covers other critical needs.

U.S. leadership is essential to mobilizing broader support for the Palestinians from the international community. Our pledge to work with Congress to secure $400 million in supplemental assistance helped mobilize substantial commitments from the Europeans ($480 million), Japan ($200 million) and Norway ($180 million) and others.

Some of the Wye supplemental funding would be used for projects directly related to Wye implementation; other activities would include community development, rule-of-law, preparation of Bethlehem for its celebrations in the year 2000, maternal-child health care, and a scholarship fund for graduate level education.

VOLUNTARY PEACEKEEPING OPERATIONS

Question. The President's request for voluntary peacekeeping activities totals $130 million, a 70% increase over the fiscal year 1999 level of $76.5 million.

The two biggest components of the increase are:

1. A $33 million increase for the Organization for Security and Cooperation in Europe to monitor a cease fire in Kosovo that doesn't exist; and
2. An $11 million increase for activities in Bosnia.

What are the reasons for the size of these increases? Why are we spending more money in Bosnia for these activities, when our bilateral program is being reduced.

Answer:

Funding for Kosovo

We have requested an increase of $33 million (a total of $43 million in FY00) to pay for the U.S. contributions to the OSCE Kosovo Mission, the largest field mission undertaken by the OSCE to date. Prior to commencement of NATO operations, the OSCE Kosovo Mission's 1380 international staff were evacuated to FYR Macedonia, and then drawn down to core staffing levels.

The majority of the approximately 300 remaining core staff have been redeployed to assist UNHCR in addressing the humanitarian crisis on the ground in FYR Macedonia and in Albania. The balance are preparing for a rapid reintroduction of the OSCE Mission into Kosovo—once conditions allow—to undertake civilian implementation tasks.

We have requested $43 million in FY00 PKO funds to pay for our share of the costs of the on-going OSCE Kosovo Mission's activities, and for present estimates of an eventual OSCE-led civilian implementation effort in Kosovo.

Funding for Bosnia and Other OSCE Missions and Activities

Our OSCE-related costs in Bosnia are, in fact, expected to decline next year. We have requested this increase to pay for increased expenses in Croatia, Albania, FYR Macedonia and other OSCE missions.

Croatia

The OSCE assumption of UNTAES policing responsibilities in Croatia, and expected Presidential elections in 2000, will require additional OSCE resources.

The presence of OSCE police monitors in eastern Slavonia is integral to maintaining the peace and creating an environment fostering refugee return.

OSCE is expect to play a critical role in assuring that acceptable election standards are observed—a key to firmly establishing a stable, enduring peace in Croatia.

Albania and FYR Macedonia

Spillover effects from the crisis in Kosovo have had a significant impact in the region and on the OSCE's responsibilities in these countries.

In the past year, the OSCE has moved proactively to address this situation. In order to monitor the situation on the border with Kosovo, the OSCE increased the mandated international staff of the Albania Presence twice in the past year, and opened five branch offices in Northern Albania.

Other OSCE Missions

The OSCE presently has 18 field missions operating throughout Eurasia, including three new OSCE field offices in Central Asia. Based on the President's Berlin initiative, we have actively encouraged the OSCE to enhance its outreach to Central Asia and the Caucasus—areas where democratization and respect for human rights are weakly rooted.

We strongly support OSCE's work to foster enhanced compliance with democratic standards and human rights through the establishment of in-country field missions and the efforts of the OSCE's Office of Democratic Institutions and Human Rights (ODIHR).

ODIHR's programs focus on improving compliance with key OSCE commitments—including respect for fundamental human rights, democratization, and establishment of transparent free-market economies.

Question. If a peace agreement is signed for Kosovo, will the Administration be requesting additional funds for implementation of the agreement? If so, how much will be requested, and what would the funds be used for?

Answer. Ongoing NATO operations in Kosovo and Serbia have changed our estimate of what will be needed to address humanitarian needs, implement a peace agreement, contribute to reconstruction, and pursue a program of economic and democratic development. We will probably need to request supplemental appropriations to meet these objectives. We are currently working with DOD and OMB to determine how much is needed and expect to present our request to you shortly.

NORTH KOREA

Question. The United States continues to claim that the 1994 Agreed Framework between the United States and North Korea is the basis for our policy with that country. The Agreed Framework was designed to deal with one nuclear reactor in that country. However, it does not directly deal with the development by North Korea of intercontinental ballistic missiles that may have nuclear warheads.

It appears the primary goal of the North Koreans is the development of an ICBM that can threaten the mainland of the United States. According to recent public testimony by CIA Director George Tenet, they will soon "be able to deliver large payloads" to the continental United States.

This is not just a case of nuclear threats to our allies in Asia; North Korean nuclear and missile development activities are a direct threat to the national security of the United States and its citizens.

In light of that reality, why do we continue to act as if the implementation of the Agreed Framework is the only game in town with the North Koreans? Does it make sense to continue to provide foreign assistance to a country that is working to develop missiles that can strike the West Coast of the United States?

Answer. The Agreed Framework was concluded in the context of a nuclear nonproliferation crisis in 1994, and was designed to deal with the nuclear reactors and related facilities which the North was then building or operating at Yongbyon and

nearby Taechon, which had the potential to produce significant amounts of nuclear weapons-usable material.

The Agreed Framework requires the DPRK to freeze and eventually dismantle these facilities. The International Atomic Energy Agency (IAEA) monitors the freeze full-time and reports that it remains in place.

The IAEA has also placed virtually all of the approximately 8000 spent fuel rods, or over 98 percent of the DPRK's estimated total, under seal. These rods, canned by a U.S. team in cooperation with the DPRK, are to be removed upon completion of the first of two proliferation-resistant, light-water reactors to be supplied by the North Korean Peninsula Energy Development Organization (KEDO).

In effect, the nuclear freeze on the facilities at Yongbyon and Taechon prevents the DPRK from using these facilities to produce plutonium for nuclear weapons. This is very much in the U.S. security interest.

The Framework has also served as a basis for our broader relationship with North Korea. That relationship links U.S. movement toward political and economic normalization to parallel DPRK steps on issues of great concern to the U.S., with ballistic missile development among the most prominent.

We have told Pyongyang that any further long-range missile tests would have very serious consequences for our relations with North Korea. Failure to make significant progress on missile issues will prevent us from moving forward with our relations with the DPRK. This point has been made clear to Pyongyang repeatedly, including during the just-completed Fourth Round of Missile Talks held in Pyongyang March 29–30.

The prospect of improved relations provides an incentive for the DPRK to moderate its missile activities over time. Meanwhile, we continue, along with our ROK and Japanese allies, to press the DPRK to cease all development, testing, deployment and export of long-range missiles and related missile technology.

The purpose of the Agreed Framework is not to provide foreign assistance to North Korea. The heavy fuel oil (HFO) which KEDO provides, pending the completion of the first light-water reactor, is an interim replacement for the energy that North Korea agreed to forego by freezing its nuclear reactor facilities at Yongbyon and Taechon.

While the U.S. has taken a leading role in funding KEDO's HFO program, other countries have also contributed amounts which, taken together, approach the magnitude of the U.S. contribution. The ROK and Japan have agreed to provide the lion's share of funding for the LWR project, funding which will quickly surpass the U.S. contribution to KEDO.

Meanwhile, the U.S. continues to provide humanitarian food aid to North Korea in response to appeals by the World Food Program and out of concern over the dire humanitarian situation there.

It is the longstanding policy of the U.S. around the world to provide food aid strictly on a humanitarian basis. The amount of such food assistance is based on need, as assessed by the World Food Program and other international organizations, and our own information. All food assistance provided by the U.S. to North Korea is monitored by WFP and NGO monitors to ensure that it continues to reach those for whom it is intended.

COMPREHENSIVE NUCLEAR TEST BAN TREATY (CTBT)

Question. We've recently read very disturbing press reports about spying by China at U.S. nuclear laboratories in New Mexico. These reports also state China may have used this information to develop small nuclear warheads, very similar to those used by our submarine missiles.

At the same time, we are being asked to appropriate an additional $20 million to prepare for implementation of the Comprehensive Test Ban Treaty, or CTBT. The treaty has not been ratified by the Senate.

In order for the treaty to come into force, 44 countries must ratify it. China and North Korea are two of those countries.

Do we have an indication from China and North Korea when, or if, they will ratify the Comprehensive Test Ban Treaty?

Answer. We have encourage all states, including China and North Korea, to ratify the CTBT promptly. China signed the treaty on the same day that the U.S. did. It is participating actively in the work of the CTBT's Preparatory Commission in building the international verification regime.

While China has not committed to a specific date for ratification, Chinese officials have indicated that they believe it would be advantageous to ratify by September. This is the earliest date at which a conference of ratifying states can be convened to consider ways to expedite entry onto force. President Jiang Zemin, in a March

26 speech to the Geneva Conference on Disarmament, noted that early entry into force of the CTBT had become a more pressing task, and said the Chinese government would soon officially submit the treaty to the National People's Congress for ratification. At the same time, it is clear that China is closely watching both the U.S. ratification process and India for signs that it will adhere to CTBT as it has indicated it would.

North Korea is a member of the Conference on Disarmament (CD), which negotiated the CTBT. While the DPRK neither sought to block consensus on the text in the CD nor voted against the UN General Assembly resolution adopting the Treaty, it has not yet signed. The issued has been raised with North Korea on a number of occasions to stress to the DPRK the importance of CTBT signature and ratification.

Question. If they do ratify the treaty, how can we ensure that they will abide by its terms? Based on press reports it appears North Korea has not complied with the Agreed Framework. They are refusing us access to a site that may have been used to develop nuclear material; the CTBT calls for inspections when a violation may have occurred as well. What will happen under that treaty if the North Koreans refuse to grant inspection access to their nuclear sites?

Answer. Regarding compliance with Agreed Framework, the IAEA conducts continuous, full-time inspections of the Yongbyon and Teachon nuclear facilities and has determined that the DPRK is complying with the nuclear freeze provisions of the Agreed Framework.

When the U.S. developed suspicions about certain underground construction at Kumchang-ni, although we had no basis to conclude that the DPRK was in violation of the Agreed Framework, we followed up aggressively to demand that Pyongyang take steps to remove our concerns. After several months of intense negotiations, our negotiating team concluded with the DPRK on March 16 an agreement for U.S. access to the Kumchang-ni site. We are confident that this agreement, if fully implemented, will provide a basis to remove completely our concerns about the site. The initial site visit will occur in mid-May, with a second visit in May 2000 and subsequent visits upon U.S. request, as long as our concerns about the site remain.

North Korea has not signed the CTBT, but the following provisions regarding on-site inspections (OSIs) would apply to any state party:

Under the Treaty, an OSI can be requested to clarify whether a nuclear explosive has been carried out in violation of the Treaty, and to gather facts that might assist in identifying a possible violator. The request will cover a defined geographic area, and under the Treaty each state party commits itself to permit the CTBT Organization to conduct on-site inspections on its territory or at places under its jurisdiction or control.

An inspected state party is also obliged, among other things, to provide access within the inspection area, refrain from impeding the inspection team's ability to more within the inspection area, and make every reasonable effort to demonstrate its compliance with the Treaty. At the same time, it has the right to take measures to protect national security interests and prevent disclosure of confidential information not related to the purpose of the inspection.

If a state party fails to comply with its OSI obligations, the Treaty provides for various measures to ensure compliance, including recommending sanctions and bringing the matter to the attention of the United Nations. unanimous consent

AGRICULTURE

Question. This Subcommittee has emphasized the importance of international agriculture assistance in overall development strategy. The Economic Support Fund has played a role, especially in Egypt, in funding this important aspect of our assistance program. How much of your FY 2000 program will be for agriculture and how does that number compare with FY 1999?

Answer. The Administration's request for Economic Support Funds (ESF) is $2.389 billion, $44 million less than the FY 1999 level. Of this amount, $83.2 million is for agricultural programs, a drop of $62.3 million from the current FY 1999 estimate of $145.5 million. The FY 2000 ESF planning level for agricultural programs in Egypt is just over $43 million. This compares to Egypt's FY 1999 agricultural level of $106 million. This significant drop is due partly to the decreasing ESF being provided to Egypt. The FY 2000 request of $715 million in ESF for Egypt is $60 million less than the FY 1999 level of $775 million and $100 million less than Egypt's FY 1998 level of $815 million. The drop is also due in part to a decision to shift the program focus in Egypt to broader economic reform issues outside the realm of agriculture. Other agricultural ESF programs in Jordan, Lebanon, Haiti, and Guatemala remain constant for FY 1999 and FY 2000.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. KNOLLENBERG

AZERBAIJAN

Question. On Monday, March 1, the government in Azerbaijan announced that a Russian warplane had violated its airspace for two minutes. The government considered the event to be an act of aggression. As such, Azerbaijan announced that it would welcome NATO bases and troops to guard against what it considers to be a "Russian threat." How does the U.S. government respond to Azerbaijan's request for NATO bases and/or troops to enhance Azeri security? Do you think that would be a viable option for the western alliance? How would it affect U.S. relations with Russia, Armenia and Iran?

Answer. We are aware of various statements made by Azerbaijani officials on this subject. However, the United States has received no formal request from the Government of Azerbaijan to establish a military base there. The USG has no plans to open military bases in Azerbaijan. Our policy has been to discourage the introduction of new foreign military forces and equipment into the region because these could be viewed as destabilizing and threatening and could complicate the peaceful resolution of such disputes as the conflict over Nagorno-Karabakh.

We do, however, maintain a security dialogue with Azerbaijan, as well as with the other Caucasus states, Armenia and Georgia. We are also continuing to develop military cooperation with Azerbaijan within the limitations set out in Section 907 of the Freedom Support Act, which restricts direct assistance to the Government of Azerbaijan, and related legislation.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. FORBES

Question. For several years now, the Administration has made it a policy to forgo nuclear weapons testing and procurement and to sharply cut the budget for procurement of conventional weapon systems. In light of the recent discovery of a Chinese spy at a major nuclear weapons laboratory and bellicose statements from Beijing threatening Taiwan and the U.S., what actions have you taken to curtail security assistance or defense sales to China? What actions might you suggest that we take to aid Taiwan? How does the recent espionage case affect the way that you approach arms control issues? Might the Administration make it a policy to sharply increase defense sales in the Pacific region to offset China? Are the Administration's arms control and security assistance goals compatible?

Answer. There has been no change in the Administration's policy regarding the export of defense articles and services to China. We do not provide security assistance to China. After the Tiananmen Square incident, the Department prohibited the export of defense articles and services to the PRC. The prohibition on the export of defense articles was later legislated in the Tiananmen Sanctions Act of 1990.

Regarding aid to Taiwan, the Administration has a strong interest in maintaining peace and stability in the Taiwan Strait. For this reason, we have approved defensive arms sales to Taiwan consistent with the Taiwan Relations Act. We will continue to monitor the military balance in the Taiwan Strait closely and meet our obligation to provide Taiwan the arms it needs for an adequate defense.

The Administration takes seriously the questions regarding Chinese espionage raised by the recent case. However, I am not in a position to comment further on this specific case due to the on-going investigation. We have no illusions about China. At the same time, gaining China's cooperation on our security agenda is critical to enhancing security in the region as well as promoting and effectively implementing global arms control regimes. Over the last few years I have established a regular dialogue with my Chinese counterparts on nonproliferation, arms control and international security issues, which is an important means of pressing China to adhere to international nonproliferation standards.

Countries' interest in advanced defense systems obviously is influenced by China's own behavior as well as that of the DPRK, which China has some ability to influence.

The Administration will not respond by increasing arms sales to the Asia-Pacific region. The basis of our defense cooperation with nations in the Asia-Pacific region is not linked to the health of U.S.-China relations. Rather, our defense sales and other security assistance in the region is governed by our overwhelming desire to maintain peace and stability, creating a suitable environment for economic recovery. Given the fact that the United States has five treaty allies in the Asia Pacific region, we naturally maintain close military ties throughout the region.

Our arms control and security assistance goals are not incompatible. Whenever we consider the potential transfer of a major defense article into this region—or any other region—we seek to ensure that the potential transfer will not lead to an arms

race or violate any arms control regimes. We analyze all potential transfers on a case-by-case basis following the guidelines and criteria laid out in PDD–34, the Conventional Arms Transfer Policy.

QUESTIONS FOR THE RECORD SUBMITTED BY MS. PELOSI

RUSSIA/IRAN

Question. Fifty percent of the funds provided for assistance through the Russian Government has been withheld pending an assessment of Russian cooperation with Iran. Progress has been slow so far. What can we expect from the upcoming meetings with Vice-President Gore and high level Russians later this month?

Answer. Over the past several weeks, U.S. and Russian experts have developed action plans aimed at curtailing cooperation by Russian entities with Iran's missile and nuclear programs.

U.S. Special Ambassador Gallucci and Russian Space Agency head Koptev agreed to a work plan that addresses some of our most pressing concerns about missile proliferation, including development on a priority basis of internal compliance offices at several entities of concern.

We have offered technical assistance to help these entities set up necessary export control regimes. The Russian government has made a commitment to take effective measures to prohibit Iranian missile specialists from operating in Russia and to facilitate the early adoption of the Russian export control law.

This work plan could represent a path forward if the Russian government acts effectively and quickly. We will continue to raise missile and nuclear cooperation in our discussions with the Russian side until all of our concerns are resolved.

Question. The Administration has stated clearly that they intend to limit the Russians' ability to launch commercial satellites this year if cooperation with Iran continues. How would you assess the effectiveness of this tool for leverage versus the tool of 50% cut off of U.S. assistance through the government?

Answer. There is no evidence that broad, general restrictions on U.S. assistance to the Government of Russia have created effective leverage on Russian policies. Rather, such restrictions cut off assistance that is in U.S. national security interests.

The Administration supports creating incentives for Russian entities to meet international nonproliferation standards and imposition of specific, targeted and limited sanctions against those entities for violating such standards. The Administration has informed the Russian Government since January 1997 that we will be unable to raise the current quota for launches of satellites to high earth orbit until Russia halts cooperation with Iran's ballistic missile program.

The launch quota limitation would deprive the Russian space industry of a sustainable stream of revenue, presently worth $70 million per launch. We believe the launch quota limitation gives individuals and entities in the Russian aerospace sector a strong incentive to halt these technology transfers.

Question. Large increases have been sought in the FY 2000 budget for the Expanded Cooperative Threat Reduction Program. Much of the additional $242 requested is for Russia. Explain how these expanded programs benefit U.S. security, and will this expansion help lessen Russian Cooperation with Iran.

Answer. The Administration's proposed Expanded Threat Reduction Initiative (ETRI) focuses on increasing U.S. national security, not providing assistance to Russia. Current economic crisis in Russia and other NIS prompted the development of ETRI as the best mechanism to reduce the threat posed by residual Soviet weapons of mass destruction (WMD) in Russia and the proliferation of WMD materials, technology and expertise.

The FY00 request for the Expanded Threat Reduction Initiative (ETRI) overall in the NIS account is $241 million. Of this, $122 million is for ETRI activities in Russia, an increase of $97 million over FY99 funding for these programs ($25 million). The increased funding will allow us to maintain the substantial progress we have made of the past seven years and to expand into some new areas where we have assessed proliferation threats, such as security of biological facilities and materials. Priority nonproliferation programs will promote economic transition and infrastructure reforms while reducing the risks of proliferation of weapons of mass destruction, weapons delivery systems, materials, technology and scientific and technical expertise. They include:

International Science and Technology Center (ISTC) in Moscow and U.S. Civilian Research and Development Foundation (CRDF) programs to provide thousands of former Soviet weapons scientists with civilian research and development opportunities, business training and exchanges in the U.S.;

U.S. Biotechnology Science Collaboration programs by the Departments of Agriculture (USDA) and Health and Human Services (HHS) to redirect former Soviet biological weapons expertise and facilities to civilian commercial, agricultural and public health activities;

Equipment and training to strengthen Russian export control and border security capabilities to stop weapons proliferation across Russia's borders; and

Initial project development for ammunition disposal and force relocation assistance to facilitate Russian troop withdrawal from Moldova and Georgia.

Such cooperative U.S.-Russian projects provide an alternative for Russian enterprises to cooperation with proliferant states, such as Iran. Moreover, we have made it clear to Russian enterprises and institutes engaged in these cooperative U.S.-Russian activities that Russian entities that are found to be engaging in proliferation activities will not participate in the benefits of U.S. assistance.

Increased investment in programs to redirect the expertise of former WMD scientists helps keep those individuals out of the employ of such states. There is no guarantee, even with expanded assistance, that proliferation of weapons expertise will not occur. Nor is there are expectation that U.S. assistance alone could support every former Soviet weapons scientist. However, every weapons scientist who is employed by such threat reduction programs is one less who may be tempted by rogue states such as Iran to help them develop weapons of mass destruction or delivery systems.

Question. Explain your plan to fund the removal of Russian military bases from Moldova and Georgia with these funds. What does our money pay for?

Answer. In addition to political obstacles, there are several logistical problems that must be addressed in order to facilitate the eventual removal of Russian forces from Moldova.

There are huge quantities of ammunition that must be moved or destroyed. Much is old and unstable and there is a real threat of the remaining ammunition being diverted to areas of conflict. There is international interest in addressing this issue. The U.S. is prepared to contribute to the cost of disposing of these munitions.

The FY2000 funding request includes $43 million for Military Relocation assistance proposed as $3 million for Russia, $30 million for Moldova and $10 million for Georgia. Funds would support project development costs, including initial efforts by technical experts to assess and identify bottlenecks to equipment removal, and the transport and expedited removal or elimination of such equipment. U.S. funds may be used to pay the costs of shipping this equipment by rail back to Russia, or if the parties agree, to destroying some or all of it in place.

Costs for complete disposal of Russian ammunition stocks in Moldova and equipment removal in Georgia using U.S. environmental standards would exceed the funding levels requested. The proposed level of funding would give imeptus to international efforts aimed at accelerating existing disposal efforts and support investigation into alternative methods.

The Russian military faces chronic housing shortages in Russia and bringing these forces out of Moldova will only exacerbate this problem. While the U.S. is constrained from constructing housing for the Russian military, we believe this is an area where some of our international partners could play a useful role.

The Russian military will face similar problems in Georgia and we and the international community should be prepared to provide similar assistance at the appropriate time.

RUSSIA/IRAN—SCIENCE CENTERS

Question. Explain why the Science Centers program is anticipated to increase from $21 million this year to $95 million in 2000.

Answer. The proliferation risk posed by the extensive former Soviet weapons establishment is heightened by severe economic distress in Russia and elsewhere among the NIS. THe original FY 2000 budget request of $40 million was already a substantial increase over prior years, but was formulated before the August 1998 financial crisis in Russia. The anticipated increase in funding for the Science Centers will redress serious gaps in our program coverage while allowing the U.S. to take advantage of opportunities that have been cultivated.

Beginning with initial funding levels of $35 million for Russia and Ukraine only, subsequent funding for the Science Centers program has declined to levels of $14–18 million in FYs 1996, 1997 and 1998. These budget had to cover greatly expanded program activity for Russia and Ukraine, as well as in Kazakhstan, Belarus, Armenia, Georgia, Kyrgyzstan, and Uzbekistan. In addition, Congressional limitations on overall funding to the Government of Russia resulted in a FY 1998 budget for Russia of only $4.2 million. Since the program began operations in 1994, it has provided

unprecedented access to and insight about the extensive former Soviet weapons complex, in the context of a fully cooperative and transparent effort among all participating countries. We now have a much better understanding of the extent of the overall proliferation threat, as we work with former Soviet facilities and technologies that were unknown to us just a few years ago. In light of current economic uncertainties in the NIS, it is imperative that we fully engage the weapon science expertise that these countries have inherited from the former Soviet Union.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. KINGSTON

KEDO

Question. First of all, I have to at least comment on the $20 million increase requested for KEDO. I'd like to associate myself strongly with the comments of the chairman on this issue and repeat the irony of North Korea's status as one of our leading foreign aid recipients in Asia. I would just add that, in light of this massive increase and our strong concerns about KEDO to begin with, I think it may be time for this subcommittee to receive a separate, formal briefing from DoD, IAEA, State, and whoever else is appropriate on North Korea, its compliance with the terms of the Agreed Framework and what exactly is going on underneath those North Korean mountains. I'll put that suggestion before the chair and leave it open for any reaction either of you may have.

Answer. The Administration has regularly briefed the staff of this and other relevant Committees of the Congress. We would be happy to arrange for a briefing for members of North Korea and the Agreed Framework at a time of your convenience.

Regarding compliance with the Agreed Framework, the IAEA conducts continuous, full-time inspections of the Yongbyon and Taechon nuclear facilities and has determined that the DPRK is complying with the nuclear freeze provisions of the Agreed Framework.

When the U.S. developed suspicions about certain underground construction at Kumchang-ni, although we had no basis to conclude that the DPRK was in violation of the Agreed Framework, we followed up aggressively to demand that Pyongyang take steps to remove our concerns.

After several months of intense negotiations, our negotiating team concluded with the DPRK on March 16 an agreement for U.S. access to the Kumchang-ni site. We are confident that this agreement, if fully implemented, will provide a basis to remove completely our concerns about the site.

The initial site visit will occur in mid-May, with a second visit in May 2000 and subsequent visits upon U.S. request, as long as our concerns about the site remain.

The Administration has briefed Committee staff on these developments and will of course be prepared to brief you, in a setting appropriate to the sensitivity of the information, on the outcome of our visits to the Kumchang-ni site.

PERU-ECUADOR PEACE AGREEMENT

Question. How will the requested $20 million in Economic Support Funds for the Peru-Ecuador peace agreement be spent? Is that defined yet? Is is simply intended as a trophy for resolving their border dispute?

Answer. In October 1998, Ecuador and Peru signed a comprehensive peace agreement that put an end to an often bloody, century-and-a-half old conflict over demarcation of their border. The United States, as one of the Guarantors of the 1942 Rio Protocol, which established the framework for delimiting the border, invested considerable time, effort, and resources in helping the parties to achieve this peace. To make it acceptable to both sides, regardless of the final demarcation of the border, the peace settlement was built on a series of agreements, including a treaty of commerce and navigation and a binational peace fund for border integration, designed to compensate difficult political concessions with investments to stimulate growth and improve living conditions in an area impoverished by years of conflict.

The United States plans to provide $10 million each to Peru and Ecuador in FY 2000 to help launch, under the border integration agreement, a ten-year program Peru and Ecuador developed to strengthen and integrate communities on either side of the border through improved telephone service, oil pipelines, road construction, energy projects, and other efforts to improve the lives of their citizens.

The Economic Support Funds (ESF) will aid successful implementation of the peace settlement by helping to fund the border integration program by, among other things, supporting micro-entrepreneurs, strengthening local governments, improving health care, and helping to create permanently demilitarized "peace parks" along the border to enhance natural resource management. Specific projects for which U.S. funding is proposed will be reviewed and approved by USAID and the State

Department. Other governments and international organizations, including the Inter-American Development Bank, the Andean Development Bank, and the World Bank, are also supporting this border integration program with donations of their own.

ENVIRONMENTAL DIPLOMACY

Question. I don't yet see exactly why you are requesting a new $15 million Environmental Diplomacy account. Is this a new account or is it an earmark under ESF?

Answer. We are not requesting a new account. Rather, we are proposing to use $15 million in ESF funds to carry out targeted activities in response to three critical policy needs.

To encourage acceptance of the U.S. position in international environmental negotiations, outside the normal negotiating venues such as New York and Geneva, we will engage in activities that improve international understanding of our positions and develop capacity through regional workshops and training efforts. For example, program funds will be used for workshops and related programs designed to illustrate effective control strategies with regard to DDT and other persistent organic pollutant chemicals in use in developing countries, and to promote compliance, especially by developing countries, with international environmental agreements.

To deal with transboundary environmental challenges that cannot be addressed through either global or national efforts, we will promote regional cooperation. For example, program funds will be used to assist Russia in reducing air and water pollution in the Arctic. Environmental diplomacy funds will also be used to sponsor regional conferences and workshops with Southeast Asian governments (such as the Philippines, Indonesia, Fiji) on the sustainable management and conservation of coral reefs, including destructive fishing practices.

To address emerging environmental priorities we will use program funds to determine the scope of the problem and to foster political commitment and to develop international partnerships with the goal of identifying courses of action.

Question. I understand your stated goal to encourage more meaningful/substantive commitments from developing nations (such commitments are missing in the Kyoto agreement) regarding reducing various forms of pollution, but why do you propose pursuing this outside of the regular State Department diplomatic process and budget in CJS? Why are you requesting a new, separate account for *diplomatic* purposes?

Answer. We are not requesting a new separate account in foreign assistance for diplomatic purposes. We are proposing to use a small portion of ESF ($15 million) to advance the broad range of environmental challenges we face. Our proposal complements the ongoing long-term developmental assistance agenda carried out by other U.S. government agencies and institutions.

The Department would not normally request funds for this program through the C–J–S appropriation, which typically funds Departmental operating expenses such as USG salaries and expenses, official travel, other support costs (e.g., computers and furniture), as well as assessed contributions to international organizations.

Since environmental diplomacy resources will be used for programs, projects, and activities in support of USG international environmental objectives, it is more appropriate to request these funds from within the foreign operations appropriation.

With regard to your reference on the Kyoto Protocol, we intend to use a portion of these funds to advance existing commitments under the UN Framework Convention on Climate Change ratified by the United States in 1992, such as reporting by developed and developing countries on actions taken to reduce greenhouse gas emissions.

NO SWEAT SHOP INITIATIVE

Question. Along the same lines, why are you creating a new program to provide grants to labor unions and business groups, for example, a private sector labeling campaign? Human Rights observance in the workplace and elsewhere is a fundamental diplomatic pursuit of State. We should be pushing for these goals diplomatically, but why would we create a new $5 million program to essentially contract responsibility out to labor unions and other groups? It seems more appropriate to support Kathy Lee Gifford's private sector labeling campaign diplomatically than with a new multi-million dollar account.

Answer. The SUG has supported the Apparel Industry Partnership's (AIP) private sector "No Sweat" initiative to eliminate unsafe, unhealthy, or abusive labor conditions, particularly in foreign factories that produce apparel goods for the American market. The AIP approach is only the first step. We believe the new "No Sweat" initiative will enhance the work being done by the AP, and will encourage more re-

sponsible corporate citizenship by U.S. companies abroad. For this reason, the administration is proposing a broader-based program that will go beyond what the AIP has been able to accomplish.

Thus, the Administration's proposed $5 million "No Sweat" initiative is aimed at fostering the burgeoning effort to develop codes of responsible conduct for all industries that produce for the U.S. market. The proposed initiative would provide grants to labor unions, business groups, and other NGO's that support and encourage monitoring/labeling, "Model Business Principles" type programs in various industries, both domestically and internationally, and worker's rights.

The "No Sweat" moniker is taken from the AIP's new Fair Labor Association (FLA) program, which will award "No Sweat" labels to companies in compliance with the AIP code of conduct. The FLA and other similar groups will be candidates for support from this initiative.

The "No Sweat" initiative is one of the key components of the Administration's international labor diplomacy agenda. It is very important for the USG to be seen as taking the lead internationally in promoting good working conditions, worker rights and core labor standards worldwide. The "No Sweat" initiative allows the USG to promote these core labor and human rights values by encouraging labor unions, corporations and NGO's to form partnerships to achieve these shared goals.

NONPROLIFERATION AND DISARMAMENT FUND

Question. What is the distinction between the goals/purpose of the Nonproliferation and Disarmament Fund versus the Cooperative Threat Reduction (Nunn-Lugar) program? Are there efforts closely coordinated or simultaneously administered despite their separate funding streams? Have or should our departments give thought to consolidating the NDF and the CTR administratively if they aren't already? It could save some administration duplication and cut some cost.

Answer. The Nonproliferation and Disarmament Fund (NDF) is a small, but highly flexible, program that supports primarily specific USG diplomatic initiatives to prevent countries of concern from acquiring weapons of mass destruction by permitting a rapid response to unanticipated or unusually difficult, high-priority requirements or opportunities worldwide. Its projects are often executed directly by the Department of State or an American Embassy—thereby keeping policy direction and execution closely linked.

The NDF currently has projects underway that affect over 70 countries. Both the Under Secretary of State for Arms Control and International Security Affairs and the Assistant Secretary for Nonproliferation are personally involved in the approval of every NDF project.

The Cooperative Threat Reduction (CTR) program is, by contrast, a large DOD program that primarily assists the countries of the FSU in the dismantlement of the extensive nuclear, chemical, and biological arsenal left behind by the former Communist regime.

In those few cases where NDF and CTR have worked together, cooperation has been close. For example, when the USG had an opportunity to acquire and remove HEU from Georgia, State led the negotiations and used the NDF to procure the sensitive materials, DOE packaged the materials, and DOD/CTR provided security and transport.

NDF and CTR are sharply focused tools that permit the Departments of State and Defense respectively to meet their national security obligations. There is little overlap between the two programs and the operating environments are very different. We believe consolidation of these diverse functions would *decrease* the effectiveness, and *complicate* administration, of both programs.

SUBMITTED TO THE DEPARTMENT OF DEFENSE

QUESTIONS FOR THE RECORD SUBMITTED BY CHAIRMAN CALLAHAN

FOREIGN MILITARY TRAINING

Question. Do you have an estimate of the funding that is provided through the foreign operations subcommittee for these activities, through the IMET program and others?

Answer. Of the roughly $809 million in training (52,000-plus activities) documented in the Military Training Report, 97% fell under security assistance mechanisms funded through the foreign operations subcommittee while the remaining 3% fell under DoD authorities. The vast majority of the 97% was provided through the Foreign Military Sales (FMS) system, with financing from various sources including host nation funds, Foreign Military Financing (FMF) grants, FMF loans, and Inter-

national Narcotics and Law Enforcement (INL) funds. IMET grants accounted for about 6% of the $809M.

EGYPT ARMS DEAL

Question. We've just heard this morning that Defense Secretary Cohen and the Egyptian government have reached an agreement on a new arms package. Press reports have indicated that the total amount of the deal would be $3.2 billion. Can you give us any details on this arms sale?

Answer. The Clinton Administration agreed to Egypt's request for 24 additional F–16s and 200 additional M1A1 tanks and to provide pricing and availability (P&A) data for Patriot PAC–3 missiles. The total estimated price of the request is $3.035 billion. We have initiated congressional notification for the 24 F–16s. The additional tanks and Patriot missiles will require formal letters of request from Egypt. Following the letters of request, a formal congressional notification will take place.

Question. Would part or the entire sale be financed through the Foreign Military Financing Program, or would this be a commercial transaction?

Answer. The entire sale will be financed through the Foreign Military Financing Program.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. FORBES

SECURITY ASSISTANCE POLICY

Question. Do you believe that Central Asia should be a priority for security assistance, and what steps would you take to facilitate the integration of the Central Asian states into an arrangement that would be beneficial to NATO and the U.S.?

Answer. U.S. objectives in the New Independent States (NIS), including Central Asia, include: (1) reducing the dangers associated with weapons of mass destruction technologies, and preventing WMD proliferation; (2) strengthening the sovereignty, independence, and western orientation of the NIS; (3) encouraging the evolution of each country's armed forces as a pillar of a democratic, free-market state; and (4) promoting regional cooperation and participation in European security systems.

Department of Defense engagement in Central Asia is heavily dependent on security assistance programs to further our interests in the areas of counterproliferation, defense reform, and regional cooperation. Through these, and other defense and military contacts, the DoD aims to develop close and lasting bilateral cooperation with the defense establishments of Central Asia. We are, however, cognizant that future defense cooperation could be jeopardized by a lack of progress in the areas of democratization and respect for human rights.

Additionally, the Department promotes close cooperation between Central Asia and NATO. The principal vehicle for this cooperation is the Partnership for Peace (PFP). All Central Asian states but Tajikistan are PFP partners, and Tajikistan has indicated that it will join the program this year. A key source of Department support for PFP participation is Warsaw Initiative funding, which includes a Foreign Military Financing (FMF) component. Warsaw Initiative funds have been critical to the development of the Central Asian Peacekeeping Battalion (CENTRASBAT), which was formed by Kazakhstan, Kyrgyzstan, and Uzbekistan and is focused on (1) fostering regional cooperation, (2) developing NATO interoperability, and (3) developing peacekeeping capabilities that meet international standards.

Question. Do you foresee a change is these activities (security assistance) as more countries join NATO and the Chinese threat grows?

Answer. If and when NATO agrees to an additional enlargement, the Defense Department will review the ramifications on our overall security assistance policy. For now, the Defense Department has recommended to the State Department that grant foreign military assistance continue to the three newest NATO members (Poland, Hungary, and the Czech Republic) for several more years. We believe the aid should continue at the modest levels of the past four years, during which time the Warsaw Initiative provided an average of roughly $10–12M per year per country. The military assistance would focus on increasing the degree of NATO interoperability in areas such as C3, air defense, logistics, and English language training.

The security assistance program in East Asia has been a critical element of our regional engagement strategy, enabling us to build trust and interoperability, improve the ability of our friends and allies in the region to defend themselves, and enhance our ability to conduct joint operations with regional partners. In so doing, the program has played an important role in deterring agreesion and promoting regional stability. We will continue to rely on security assistance as a means of shaping events to promote and protect American interests and of building a capacity in the region to respond decisively should there be a threat to those interests.

Question. What countries constitute your major areas of activity at the present?

Answer. The vast majority of Foreign Military Financing (FMF) is used to help the parties engaged in the Middle East peace process to meet their legitimate security needs. This assistance supports the long-standing U.S. policy goal of seeking a just, lasting and comprehensive peace between Israel and its Arab neighbors. By helping Israel maintain its qualitative edge, by facilitating the modernization and readiness of Jordan's armed forces, and by fortifying Egypt's armed and naval forces, FMF assistance enhances the overall stability and security of these countries and advances U.S. regional stability objectives. These regional objectives include checking the spread of weapons of mass destruction and their delivery systems; garnering support for enforcing U.S. sanctions on Iraq, Iran, and Libya; and facilitating U.S. access to the region in times of crisis.

FMF grants and loans also provide critical support to assist Poland, Hungary, and the Czech Republic in taking the necessary steps towards full integration with NATO, including meeting their Target Force Goals. Funds provided under the PFP program help recipient nations acquire the skills and equipment necessary to continue the transition of their military institutions toward Western-oriented doctrines, structures and operations, including democratic control of the military.

Additionally, FY2000 FMF grant programs will:

Sustain Caribbean defense and maritime forces, allowing these island nations to maintain small professional forces essential to regional peace and security and to supporting U.S. objectives in the region;

Support, in conjunction with Peace Keeping Operations (PKO) funds, efforts by the African Crisis Response Initiative to improve and expand the capabilities of African militaries to respond to limited peace and humanitarian crises on the continent; and

Assist selected countries in improving their peacekeeping capabilities with emphasis on communication systems and peacekeeping education and training programs.

Question. Could you outline the Administration's policy on security assistance from the perspective of DoD?

Answer. The security assistance program enables us to stay engaged in the world and shape events to protect and promote American interests. Enhancing the capabilities of our friends and allies to address conflicts, humanitarian crises, and natural disasters makes it less likely that American forces will be called upon to respond to regional problems; it also limits their involvement when they are. Additionally, the security assistance program ensures that when U.S. forces are employed, foreign militaries can work with them more efficiently and effectively rather than be hobbled by mismatched equipment, communications, and doctrine.

Our continued engagement promotes the principles of democracy, respect for human rights, and the rule of law. One of our most cost-effective security assistance programs supporting this objective is International Military Education and Training. IMET provides us with access to the future leadership of foreign militaries and provides foreign military and civilian defense personnel educational opportunities at senior service staff colleges and technical training in such areas as maintenance and aircraft engine repair. The IMET program fosters military-to-military relations and promotes military professionalism. These benefits are key to our gaining the cooperation of others to provide access and to conduct joint operations, as well as to improving the ability of our friends and allies to defend themselves.

The vast majority of security assistance funding is in the Foreign Military Financing (FMF) program. FMF supports U.S. regional security goals by enabling key friends and allies to improve their defense capabilities through financing acquisition of U.S. military articles, services, and training. FMF promotes U.S. national security interests by strengthening coalitions with friends and allies, cementing cooperative bilateral foreign military relationships, and enhancing interoperability with U.S. forces. Because FMF monies are used to purchase U.S. military equipment, American workers and our industrial base directly benefit from our security assistance program as well.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. KINGSTON

KEDO

Question. I would just add that, in light of this massive increase and our strong concerns about KEDO to begin with, I think it may be time for this subcommittee to receive a separate, formal briefing from DoD, IAEA, State, and whoever else is appropriate on North Korea, its compliance with the terms of the Agreed Framework and what exactly is going on underneath those North Korean mountains. I'll

put that suggestion before the Chair and leave it open for any reaction of you may have.

Answer. The Department of Defense believes that consultations and briefings with the Appropriations Subcommittee on U.S. policies toward North Korea, including the Agree Framework, contribute significantly to achieving our security objectives on the Korean Peninsula. We would be pleased to join other Administration agencies in meeting with the Subcommittee on this important security challenge.

AFRICAN CRISIS RESPONSE INITIATIVE

Question. Will you tell us a little more about the status of the ACRI? Has it participated in or conducted any actual peacekeeping or interceding operations or is it still being formed and trained?

Answer. The program's long-term objective is to create an interoperable African capacity of up to 12,000 military personnel available for continental peacekeeping and humanitarian assistance contingencies. To date, six African states have been the beneficiaries of trained battalions: Ghana. Benin, Uganda, Mali, Malawi, and Senegal. The program is scheduled to train a new battalion in Cote d'Ivoire later this year. By all accounts, the training has been well received and highly successful.

Under a mandate established by the Economic Community of western African States (ECOWAS), Mali and Ghana have provided ACRI-trained units as part of the ECOMOG peacekeeping force in Sierra Leone. Benin provided ACRI-trained troops as part of an ECOWAS-approved force in Guinea—Bissau. In both of the operations, the ACRI-trained soldiers reportedly appear to have performed well.

Question. We have been providing funding for this initiative (ACRI) for at least two years now. What assessments have you made thus far on its impact versus its potential?

Answer. ACRI is a training initiative, not a standing military force. Operational deployment of ACRI-trained troops is a sovereign decision in response to a request from the United Nations, the Organization of African Unity (OAU), or a sub-regional organization such as ECOWAS. The recent open and transparent decisions of Mali and Ghana to participate in peacekeeping operations in Sierra Leone and of Benin to participate in Guinea-Bissau clearly indicate the value of the ACRI as a regional peace and security tool. The professionalism displayed by these units proves that ACRI training is having a positive impact.

QUESTIONS FOR THE RECORD SUBMITTED BY MS. PELOSI

IMET FOR PAKISTAN

Question. What is the Administration's position on whether IMET training in Pakistan should continue in 2000?

Answer. The Department of Defense is keenly aware of the sensitivities of this program with Congress. The Administration continues to believe that IMET is an extremely cost-effective means of building U.S. influence with the military forces of recipient countries and of strengthening democratic civilian control of the military. This is particularly important in Pakistan, where the armed forces are the strongest national institution. In Pakistan's case, we have tailored the program to restrict attendance to schools offering Professional Military Education (PME) or Expanded IMET subjects. The U.S. Embassy in Islamabad will screen all candidates to exclude any on whom we have credible evidence of gross human rights abuses, drug trafficking, corruption, participation in Pakistan's nuclear weapons program, or other activities not consistent with U.S. foreign policy goals. We look forward to continuing this program in FY 2000.

MILITARY TRAINING REPORT/JCET

Question. Why is all the JCET information classified?

Answer. The Special Operations Commands provided the JCET information in classified form to the Office of the Secretary of Defense. In our effort to deliver the report to Congress in a reasonably timely fashion, we did not have sufficient time to complete a declassification review.

Subsequently, during the 23 March hearing on the Military Training Report, Under Secretary of Defense for Policy Walter B. Slocombe provided the House Appropriations Subcommittee on Foreign Operations the JCET information in an unclassified form for all of the FY 98 and first quarter FY99. Copies of the unclassified JCET information were subsequently delivered to all other original recipients of the Training Report.

Question. Much of the JCET activity has been publicly reported in the press, particularly in the case of Indonesia. Can you comment on future plans for JCET training?

Answer. All Joint Combined Exchange Training (JCET) activities for Indonesia were suspended on May 8, 1998, and have not resumed. The overall JCET program continues elsewhere and regional CINCs continue planning for future JCETs as part of their normal training schedule. Resumption of JCET activities in Indonesia will require approval of the Secretary of Defense.

The FY99 Defense Authorization Act requires that the Secretary of Defense provide prior approval for all activities conducted under the authority of 10 U.S.C. 2011. The Secretary's decision to approve proposed JCET events is predicated on the Embassy verifying that the State Department does not possess credible information that members of the units with whom DOD plans to train have committed gross human rights violations. The Secretary's review and approval process also looks closely at a host nation's internal stability as well as key regional policy concerns.

Question. What is the foreign policy justification for it?

Answer. The Joint Combined Exchange Training (JCET) program, conducted under 10 U.S.C. 2011 authority, contributes significantly to the Administration's foreign policy objectives. However, the primary purpose of the JCET program is to train U.S. Special Operations Forces (SOF) personnel thereby increasing overall U.S. military readiness.

U.S. regional CINCs rely on SOF to provide unconventional military options for a wide variety of missions in theater. For example, Special Operations Command Pacific (SOCPAC) at H.M. Camp Smith, Oahu, Hawaii serves as the SOF component command for U.S. Pacific Command (USPACOM). SOCPAC engagement focuses on organizing and training indigenous forces in support of USPACOM's strategic objectives. U.S. SOF involved in these activities enhance their foreign language and instruction skills, expand their knowledge of foreign environments and cultures, and hone their combat and combat support capabilities. Moreover, they improve their capabilities to participate in humanitarian activities, peacekeeping, non-combatant evacuations, and coalition operations.

U.S. military forces participating in JCET activities shape the international security environment in ways that promote peace, stability and human rights. Moreover, JCET events demonstrate American military capabilities, underscore our continued commitment to regional stability and to deterring potential aggressors, build trust and force interoperability, and facilitate our access to a host nation's key military personnel and support facilities. U.S. SOF gain valuable training and overseas experience, which has proven critical to maintaining and enhancing their special skills and readiness. In the process, the interaction with foreign military counterparts afforded by the JCET program provides an opportunity for U.S. forces to impart a sense of military professionalism reflective of our nation's democratic principles and traditions.

JCET activities clearly promote our foreign policy objectives as they fulfill their primary purpose of increasing U.S. military readiness. They improve a host nation's military skills and professionalism, while promoting bilateral mil-to-mil dialogue. Moreover, they are a principal means for DOD to develop and sustain intelligent, experienced, and resourceful military personnel who have the skills to interact successfully with foreign military organizations and governments, U.S. country teams and non-government organizations.

Question. What role did it serve in Indonesia, is it still going on there, and how does the extensive US role with the intelligence forces and the Army square with the killing of civilians during the disturbances?

Answer. JCETs have not been conducted in Indonesia since May 8, 1998.

Prior to this date, the primary purpose of Special Operations Command Pacific (SOCPAC) Joint Combined Exchange Training (JCET) activities in Indonesia was to train U.S. Special Operations Forces (SOF) and maintain their highest possible level of readiness. U.S. SOF involved in JCET events in Indonesia, under 10 U.S.C. 2011 authority, enhanced their foreign language and instruction skills, expanded their knowledge of Indonesian culture, and improved U.S. access to the Indonesian military. They also had an opportunity to impart a sense of military professionalism reflective of our nation's democratic principles and traditions and enhance our bilateral mil-to-mil dialogue with Indonesia.

U.S. Pacific Command (USPACOM) relies on SOCPAC to provide unconventional military options for a wide variety of in-theater missions. In turn, USPACOM relies on JCETs to sharpen critical SOF Mission Essential Task List skills, both at the unit and Joint levels. JCET-trained U.S. SOF display the flexibility to adapt throughout CINCPAC's vast area of responsibility and have the tactical precision required for operations with far-reaching political consequences. The JCET program

in Indonesia contributed directly to USPACOM's strategic goals of shaping the regional security environment and building a capacity to respond effectively should there be a threat to American interests in the region.

DoD policy, which was enacted into law in the FY99 Defense Appropriations Act, prohibits U.S. troops from training foreign security units whose members have committed gross violations of human rights, "unless all necessary corrective steps have been taken."

Joint Combined Exchange Training (JCET) events provide a principal means for U.S. military forces to impart to host nation security forces a sense of military professionalism reflective of our nation's democratic principles and traditions. During JCET activities, U.S. forces emphasize the role the military must play in protecting and promoting respect for human rights, both in conventional and unconventional situations.

Question. To what extent should Congress be involved in decisions to deploy US troops in a training capacity for JCET activities?

Answer. Congress has recently provided extensive guidance on Joint Combined Exchange Training (JCET) activities. As amended, 10 U.S.C. 2011 Section 2011 requires that all training activities carried out under its authority receive prior approval from the Secretary of Defense. Section 8130 of the FY99 Defense Appropriations Act prohibits DoD from using funds appropriated to train foreign security forces if the State Department provides credible information that a member(s) of the unit(s) DoD plans to train have committed gross human rights violations, unless all necessary corrective steps have been taken. Should the Secretary of Defense exercise the waiver authority granted him by Section 8130, he must submit a detailed report within 15 days on the purpose and duration of the training to be provided. Each of these provisions ensures that the JCET program has appropriate senior civilian oversight and is conducted in a manner consistent with U.S. national security and foreign policy interests.

HUMAN RIGHTS VETTING

Question. Are there different standards for vetting and why?

Answer. There is only one standard for vetting.

"Vetting" is the process by which the available data on a host nation's security forces, and members of such forces, is reviewed for information on human rights violations. DoD does not conduct the vetting process. "Vetting" is done by the relevant U.S. embassy and starts when the host government identifies a security force or individual(s) to receive U.S. training or equipment or to train with U.S. forces. The overall process is the same from embassy to embassy, although different ambassadors may establish particular internal procedures or assign vetting responsibilities differently within their respective country teams. Once an embassy has reviewed all available human rights information, it provides the results to appropriate DoD components.

As noted above, the evaluation of human rights information—through the "vetting" process—is the same under all currently applicable statutes. However, methods for addressing human rights problems that may be identified during the vetting process differ slightly under sec. 568 of the FY99 Foreign Operations Appropriations Act and sec. 8130 of the FY99 Defense Appropriations Act. These two processes are described in detail in Question 2.

Question. Describe both the DoD process and the Leahy provision process.

Answer. As noted in Question 1, the human rights review or "vetting" process is the same for security assistance provided under foreign operations authorities and for DoD-funded training. "Vetting" by the relevant U.S. embassy starts when the host government identifies a security force or individual(s) to receive U.S. training or equipment, or to train with U.S. forces. After reviewing all available human rights information, the U.S. embassy provides the results to appropriate DoD components.

If the Embassy determines that units or individuals selected for U.S. training have committed gross human rights violations, one of two processes will ensue.

Under sec. 568 of the FY99 Foreign Operations Appropriations Act, the State Department will not dispense security assistance unless the Secretary of State determines and reports to Congress that the host government is taking effective measures to bring the perpetrators to justice. If training funds are withheld pursuant to sec. 568, the Secretary of State will inform the host government of the basis for the decision and, "to the maximum extent practicable," will assist the host government in taking effective measures to bring those responsible to justice. Until these actions are completed, security assistance may not proceed.

Section 8130 of the FY99 Defense Appropriations Act enacted into law existing policy that prohibits use of DoD funds to train foreign security units whose members have committed gross violations of human rights. If DoD receives credible information from the State Department that foreign security forces or members of the unit(s) DoD was planning to train have committed gross violations of human rights, the training will not proceed unless all necessary corrective steps have been taken. "Corrective steps" may include adjusting host nation participation, either by training with security unit(s) not implicated in gross human rights violations or by removing the identified human rights violator(s) from the unit(s) to be trained. Once such corrective steps have been taken, DoD may proceed with the training.

The Department will apply the "corrective steps" standard carefully. DoD procedures require the U.S. ambassador to concur that the corrective measures taken by host nation security forces are adequate. In addition, all training conducted in the wake of such corrective measures must be reported to the Office of the Secretary of Defense. These safeguards will ensure rigorous implementation of the "corrective steps" standard.

DoD policy, reflective of the standard set forth in sec. 8130 of the FY99 Defense Appropriations Act, is appropriate for DoD-funded training because the primary beneficiaries of combined training activities often are U.S. military personnel and readiness. Moreover, many of these training events strengthen important U.S. programs such as humanitarian demining and counterdrug support. In all its engagement activities, the U.S. military sets a high professional standard for counterpart militaries, emphasizing respect for human rights and the proper role of the military in a democracy.

P y and O rsight Report

Intelligence Operations Directorate

Evaluation Report on Training of Foreign Military Personnel - Phase II: School of the Americas

Report Number PO 98-601 November 14, 1997

Office of the Inspector General
Department of Defense

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Acronyms

DEPSECDEF	Deputy Secretary of Defense
FM	Field Manual
INLEA	International Narcotics and Law Enforcement Activities
IMET	International Military Education and Training
MOA	Memorandum of Agreement
POI	Program of Instruction
SECDEF	Secretary of Defense
SOA	School of the Americas
SME	Subject Matter Expert
TRADOC	U.S. Army Training and Doctrine Command
USAIC	U.S. Army Infantry Center
USSOUTHCOM	U.S. Southern Command

INSPECTOR GENERAL
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November 14, 1997

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE
(INTERNATIONAL SECURITY AFFAIRS)
DEPUTY UNDER SECRETARY OF THE ARMY
(INTERNATIONAL AFFAIRS)
COMMANDER, U.S. ARMY TRAINING AND DOCTRINE COMMAND
DEPUTY CHIEF OF STAFF FOR INTELLIGENCE, DEPARTMENT OF THE ARMY
COMMANDANT, U.S. ARMY INFANTRY CENTER
COMMANDANT, SCHOOL OF THE AMERICAS

SUBJECT: Evaluation Report on Training of Foreign Military Personnel, Phase II: School of the Americas (Report No. PO 98-601)

We are providing this evaluation report for information and use. We conducted the evaluation in response to a Deputy Secretary of Defense request. This report is the second of three evaluation reports to be issued. We considered management comments on a draft of this report in preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the evaluation staff. Questions on the evaluation should be directed to Mr. Robert A. Vignola, Program Director, at (703) 604-8896 (DSN 664-8896) or Mr. Norman Idleberg, Project Manager, at (703) 604-8821 (DSN 664-8821). See Appendix C for the report distribution. The team members are listed inside the back cover.

Russell A. Rau
Assistant Inspector General
Policy and Oversight

Office of the Inspector General, DoD

Report No. PO 98-601 **November 14, 1997**
(Project No. 7OI-9009.01)

Training of Foreign Military Personnel, Phase II: School of the Americas

Executive Summary

Introduction. This report is the second in a series of three produced in response to a request by the Deputy Secretary of Defense for an evaluation of the training of foreign military personnel.

Objective. Our objective was to evaluate whether the current policies and procedures, concerning instruction at the School of the Americas, are adequate to prevent the use of improper training materials and to determine whether the School's lesson plans and related instructional materials are reviewed and approved for doctrinal consistency and currency.

Evaluation Results. The School of the Americas has initiated several commendable measures designed to focus attention on human rights. The measures have included the creation of a Board of Visitors as well as an enhanced human rights training program for students and instructors. Despite these improvements, there are weaknesses that could prevent the School from necessarily avoiding the use of improper training materials.

o Most, if not all, of those bodies responsible for external oversight of the School do not conduct hands-on content review of the School's lesson plans and instructional materials. Those bodies rely instead on the School to perform its own oversight in those areas.

o The 1990 U.S. Army Training and Doctrine Command Special Relationship Memorandum of Agreement has not been revised to reflect that the U.S. Army Infantry Center is responsible for oversight of the School. Additionally, the Memorandum has no provision for evaluation of the School's Spanish language lesson plans by Spanish proficient U.S. personnel. The U.S. Training and Doctrine Command has initiated action to satisfy that requirement.

o The U.S. Training and Doctrine Command authorized the School to use a non-standard lesson plan format rather than the format prescribed in TRADOC regulations.

o Forty of 124 Army Field Manuals included in the 1997 School's Catalog of Publications are categorized by the Army as obsolete. We reviewed the obsolete Field Manuals and found no questionable human rights language. Also, the School's statement of required distribution is incomplete.

o The 1992 Army policy memorandum on intelligence and counterintelligence training of non-United States persons has not been effective. The School did not receive implementing instructions and thus, did not translate intelligence training materials into

English for review by appropriate authorities. For purposes of our review, 20 lesson plans were independently translated for our examination. We found no language in the translations contrary to applicable U.S. or DoD policy in any of those plans.

o Some countries have been prohibited from sending students to DoD schools under International Military Education and Training funding because of human rights abuses. However, there is no prohibition on students and instructors from those countries being admitted to the School if other funding, such as from the International Narcotics and Law Enforcement Affairs program, is used. While legally permitted, this practice, absent rigorous external oversight, raises concern about the quality of instruction by such persons at the School.

Summary of Recommendations. We recommend that:

o The U.S. Training and Doctrine Command revise the 1990 Special Relationship Memorandum of Agreement and specify and strengthen the role of the U.S. Army Infantry Center in conducting meaningful external oversight of the School; assign personnel proficient in Spanish to the U.S. Army Infantry Center to evaluate the School's training materials; and task the School to translate all intelligence instructional materials into English within 180 days of the publication of this report.

o The School adopt the U.S. Army Training and Doctrine Command Regulation 350-70 standard lesson plan format; review the currency of all materials listed in its Catalog of Publications; revalidate its statement of required distribution; staff the leadership of the School's Evaluation Branch with a U.S. citizen; and maintain rigorous oversight of the quality of instruction provided by foreign instructors from countries under sanction, should they be assigned to the School.

o The Deputy Chief of Staff for Intelligence, Department of the Army, revise the 1992 Army policy on intelligence and counterintelligence training of non-United States persons, following publication of the new DoD Directive on the subject.

o The Assistant Secretary of Defense (International Security Affairs), in conjunction with the Department of the Army, seek DoD coordination whenever consideration is given to assigning foreign personnel to the School from countries under sanction.

Management Comments. We received comments on a draft of this report from the Department of the Army; the Assistant Secretary of Defense (Command, Control, Communications and Intelligence); and the Assistant Secretary of Defense (International Security Affairs). All organizations concurred with our recommendations, however, the Department of the Army and the Assistant Secretary of Defense (International Security Affairs) offered suggestions to clarify the report. See Part VIII for the complete text of those comments.

Evaluation Response. Management comments were responsive. Where appropriate, we modified the report as suggested by the Department of the Army and the Assistant Secretary of Defense (International Security Affairs).

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Part I - Introduction

Background

In March 1991, the U.S. Southern Command (USSOUTHCOM) requested approval for a Mobile Training Team to conduct counterintelligence training for Colombian military personnel in Bogota, Colombia. The Joint Staff did not endorse the proposal and requested clarification on the details of the course of instruction. Upon review of the proposed instructional materials, the Joint Staff and the Defense Intelligence Agency discovered that several passages contained inappropriate material that were inconsistent with U.S. laws and DoD policies. The materials, in the form of Spanish language manuals, were being used in the USSOUTHCOM area of responsibility and at the School of the Americas (SOA) in Fort Benning, Georgia. Immediate corrective action was initiated and the training for military personnel in Colombia was never conducted.

In August 1991, the Secretary of Defense (SECDEF) directed the Assistant to the Secretary of Defense (Intelligence Oversight) to conduct a full investigation of the matter. The report, "Improper Material in Spanish-Language Intelligence Training Manuals," dated March 10, 1992, recommended that:

o the Joint Staff establish a policy to ensure that intelligence and counterintelligence training for foreign personnel is consistent with U.S. and DoD policy;

o DoD intelligence agencies and military Service schools conducting intelligence training for foreign personnel should ensure that training materials have been approved for consistency with U.S. and DoD policy;

o the Army conduct a damage assessment of the classified information disclosed through the use of the manuals; and

o the General Counsel, DoD, retain one copy of the manuals, and that all other copies of the manuals and associated materials should be destroyed.

The SECDEF approved the report and directed the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) to issue instructions to implement the corrective actions. An August 27, 1992, memorandum, "DoD Policy on Intelligence and Counterintelligence Training of Non-United States Persons," issued policy to implement the recommendations approved by the SECDEF.

The issue was addressed again during a 1995-1996 Government-wide review of U.S. activities in Guatemala and was discussed in the June 1996 report by the President's Intelligence Oversight Board.

In September 1996, the Deputy Secretary of Defense (DEPSECDEF) asked the Inspector General, DoD, to review the 1992 Assistant to the Secretary of Defense (Intelligence Oversight) report and supporting material to determine whether they were adequate to assess individual responsibility and to determine whether corrective actions were satisfactorily implemented.

Our report No. PO 97-007, "Evaluation Report on Training of Foreign Military Personnel-Phase I," issued on February 21, 1997, satisfied the initial DEPSECDEF task. The original tasking was subsequently expanded to examine how training conducted at the SOA is reviewed and approved for doctrinal consistency and currency by appropriate DoD and Army functional proponents and to review intelligence training for foreign personnel throughout the DoD.

Objective

Our objective was to evaluate whether the current policies and procedures concerning the development and conduct of instruction at the SOA are adequate to prevent the use of inappropriate training materials and to determine whether the SOA lesson plans and related instructional materials are reviewed and approved for doctrinal consistency, currency and conformity to all legal requirements. See Appendix A for a summary of prior reports and reviews related to the evaluation.

Scope and Methodology

Because of the breadth of this task, we will issue reports in three phases.

o Phase I: Our February 21, 1997, report on the Training of Foreign Military Personnel, (PO 97-007), which addressed the March 1992 Assistant to the Secretary of Defense (Intelligence Oversight) report and supporting materials; and the August 1992 Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) policy memorandum.

o This report comprises Phase II and addresses the present policies and procedures for review and approval of training at the SOA.

o The Phase III report, to be issued later, will examine intelligence training for foreign personnel throughout the DoD.

To achieve our objective, we reviewed the March 1992 Assistant to the Secretary of Defense (Intelligence Oversight) report and more than 2,500 pages of supporting and associated materials from that office. We also reviewed approximately 1,000 pages dating from April 1991 through October 1996, of data related to the issue, obtained from the Inspector General, Department of the Army, and all documentation received to formulate the October 1995 Inspector General and General Counsel, DoD, report, "GUATEMALA REVIEW," to the President's Intelligence Oversight Board. Additionally, we reviewed the 1996 General Accounting Office review of the SOA; the 1994 U.S. Army Infantry Center Task Force Report on the SOA; the September 1995 U.S. Army Training and Doctrine Command (TRADOC) Regulation 350-70, "Training Development Management, Processes, and Products"; the May 1992 TRADOC memorandum, "U.S. Army School of the Americas (USARSA) Special Relationship Memorandum of Agreement (MOA); the October 1, 1996, Department of the Army Pamphlet 25-30, "Consolidated Index of Army Publications and Blank Forms"; and other documentation to understand the policies and procedures associated with Army training and the mission of the SOA.

We also met with and interviewed more than 30 U.S. Government civilian and military personnel, including:

o representatives from the International Programs Office and the Security Assistance Office in the Department of the Army Secretariat;

o representatives from the Operations and Intelligence organizations of the Army Staff;

o representatives from the TRADOC Headquarters and the U.S. Army Infantry Center;

o the Commandant, SOA, and members of his staff and faculty; and

o members of the SOA Board of Visitors.

We developed a comprehensive questionnaire designed to identify incorrect and obsolete instruction at the SOA. We asked instructors at the SOA to explain what information was covered in their lessons, what source materials were used, whether nonstandard or course materials provided by foreign governments were included, and whether supervisors had reviewed the lessons plans. We coordinated the questionnaire with the TRADOC and the SOA.

With the assistance of the TRADOC and the SOA, we identified 136 of the lesson plans used at the SOA that have intelligence or intelligence-related topics. We selected and reviewed a representative sampling of 20 of those lesson plans for translation from Spanish to English for the purpose of determining whether they were current, doctrinally correct, and in accordance with U.S. and DoD policy.

We coordinated the effort with the TRADOC, the U.S. Army Intelligence Center and Fort Huachuca, and the U.S. Army John F. Kennedy Special Warfare Center and School. In the case of the 136 intelligence or intelligence-related lesson plans, we asked the SOA instructors to certify that all references were current and to identify those that were obsolete. We also asked them to identify U.S. officials at the SOA who reviewed the lesson plans to note whether any plans were derived from lesson plans taught elsewhere in the Army school system and to identify any foreign instructor teaching a particular lesson.

Finally, using the data collected from our sources of information, the interviews, the questionnaires, and the translated lesson plans, we:

o examined the degree to which there is effective external oversight of the SOA;

o assessed the course development process at the SOA to determine whether it conforms to U.S. and DoD policy and is current and doctrinally correct;

o analyzed the currency of reference materials used by the SOA;

o examined the Army's implementation of the 1992 DoD guidance related to intelligence and counterintelligence training of non-United States persons, and its impact on the SOA;

o researched the process for screening foreign officials scheduled to attend the SOA; and

o determined the language requirements for U.S. personnel at the SOA.

Structure of the Report

The details of our report are presented in six parts. Part II, outlines the history of the SOA and relates its uniqueness among TRADOC schools. Part III, discusses external oversight directed at the SOA. Part IV, covers the course development process at the SOA, focusing on lesson plans. Part V, addresses administrative issues that impact SOA instruction. Lastly, Part VI, discusses three related issues: the Army implementation of the 1992 DoD policy memorandum on intelligence and counterintelligence training for non-United States persons; the approval process for foreign instructors and students at the SOA; and the language proficiency of U.S. personnel at the SOA.

Part II - Uniqueness of the School of the Americas

The School of the Americas

History. The SOA was established in 1946 at Fort Amador, Panama Canal Zone, as the Latin American Center-Ground Division. In 1949, the SOA relocated to Fort Gulick, Panama Canal Zone, adopted Spanish as the language of instruction, and was renamed the U.S. Army Caribbean School. In 1963, the school was redesignated the U.S. Army School of the Americas. The SOA suspended operations in September 1984 to comply with the terms of the Panama Canal Treaty and reopened at Fort Benning, Georgia, in late 1984, where it became an official Army school under the TRADOC. In 1990, the name of the school was changed to the School of the Americas. The SOA is authorized under Title 10, United States Code, Section 4415, to operate for the purpose of providing military education and training to military personnel of Central and South American countries and Caribbean countries. The SOA mission is to provide doctrinally sound, relevant military education and training to the nations of Latin America; to promote democratic values and respect for human rights; and to foster cooperation among multinational military forces.

Current Status. As a TRADOC school, the SOA is responsible for developing its curriculum in accordance with TRADOC Regulation 350-70, "Training Development Management, Processes and Products," September 24, 1995. The regulation requires that all TRADOC Schools follow the systems approach to the training process, which is designed to determine whether training is needed; what material is covered in the training; who gets the training; how, and how well, and where the training is presented; and the training support required. Several factors make the SOA unique among Army schools.

Special Relationship. A special relationship exists to ensure that the SOA continues to serve the regional security assistance requirement of the U.S. Government as identified by the USSOUTHCOM and the U.S. Atlantic Command in conjunction with regional Security Assistance Offices. This relationship is documented in the U.S. Army School of the Americas Special Relationship Memorandum of Agreement (MOA), May 22, 1990. The document recognizes that requirements for SOA support and that instruction may come from other than traditional Army channels, such as a request from USSOUTHCOM, and specifies procedures to process and address those requests.

Spanish Instruction. All instruction at the SOA is conducted in the Spanish language. Furthermore, all associated instructional materials, including lesson plans, student texts, and training aids, are in Spanish. All U.S. instructors and most of the U.S. faculty and staff must be proficient in Spanish before they are considered for assignment to the SOA.

Foreign Instructors. The SOA depends on foreign officers to meet some of its instructional requirements. In 1996, the SOA had 23 foreign military instructors, 48 U.S. military instructors, and one U.S. civilian educational specialist authorized in its Table of Distribution and Allowances.

Foreign Students. While a small number of foreign students may attend courses at other U.S. Army schools, the SOA student body is comprised mainly of Spanish-speaking personnel from countries in the Western Hemisphere. A small number of U.S. Army officers attend Command and General Staff College training at the SOA. In 1996, 905 of the 931 students were foreign personnel.

Material Sales. Certain SOA Spanish language instructional material (not including lesson plans) is offered for sale to foreign governments through the DoD security assistance apparatus. The SOA materials are listed in its publications catalog. For example, the 1997 SOA Catalog of Publications offers a translated copy of Field Manual (FM) 90-10, "Military Operations on Urbanized Terrain," for $38.00. The SOA also makes its materials available, on a reimbursable basis, to security assistance teams scheduled to provide training in Central and Latin America.

Human Rights Training. Every student at the SOA is required to receive at least 4 hours of human rights training, including: definition of concepts; the historical development of conventions and declarations; civilian control of the Armed Forces; the role of those forces in a democracy; and the military advantage for complying with human rights and the Law of Armed Conflict. As part of its internal evaluation process, the SOA requires all students to discuss the effects of human rights instruction in their course critiques. Students are required to describe how SOA instruction in human rights, democratization, civil control of the military, and military justice affected them and how the instruction may have changed any previously held views. In addition, all prospective SOA instructors, both U.S. and foreign, receive 16 hours of human rights instruction.

Part III - External Oversight

External Oversight

Department of Defense. Since the SOA courses are offered almost exclusively to foreign military personnel, the U.S. Army Security Assistance Training Field Activity lists them in the Military Articles and Services Listing. Foreign governments, through the U.S. Security Assistance Office in each foreign country, may request quotas from the Security Assistance Training Field Activity for courses offered by the SOA from the Military Articles and Services Listing. The DoD security assistance process is managed by the Defense Security Assistance Agency, which works under the direction and supervision of the Office of the Under Secretary of Defense for Policy. Except for Expanded International Military Education and Training courses, the Defense Security Assistance Agency does not review course instructor lesson plans of any DoD school, including the SOA, because this is the responsibility of the Military Departments that sponsor the courses.

Department of the Army. On the Army Staff, the Training Directorate, Office of the Deputy Chief of Staff for Operations and Plans, develops general policy related to Army training and ensures that there is proper funding and support to meet the Army's training requirements. While the Office of the Deputy Chief of Staff for Operations and Plans considers the SOA an Army school, the vast majority of SOA students are foreign personnel. Within the Army Secretariat, the Office of the Deputy Under Secretary of the Army for International Affairs oversees security assistance programs, which include the policy for foreign student administration. The Deputy Under Secretary of the Army for International Affairs endorses new Army training proposals to the Defense Security Assistance Agency and the Office of the Under Secretary of Defense for Policy. However, neither the Deputy Under Secretary of the Army for International Affairs nor the Deputy Chief of Staff for Operations and Plans review the content of the lesson plans of the SOA or any other Army school.

Training and Doctrine Command. The TRADOC is the Army Major Command responsible for all Army schools and ensures that the SOA is properly staffed and funded to perform its training mission. The TRADOC is also responsible for managing the training of foreign military personnel in the United States and for approving the Programs of Instruction (POI) of all Army schools to ensure that they are in compliance with policy. However, the TRADOC POI review is not a policy content review. The SOA and other Army schools submitting POIs for TRADOC review are responsible for ensuring that the references are complete and current.

U.S. Army Infantry Center. TRADOC Memorandum, "U.S. Army School of the Americas (USARSA) Special Relationship Memorandum of Agreement

(MOA)," May 22, 1990, specifies that the TRADOC Deputy Commanding General (Combined Arms Center) "will ensure that courses are tailored to meet established regional objectives and that U.S. doctrine, tactics and techniques have been incorporated to the maximum extent possible while allowing for country-specific requirements." On May 2, 1994, the Commandant, U.S. Army Infantry Center (USAIC), Fort Benning, Georgia, assumed management oversight for the SOA and became responsible for developing and resourcing doctrinally sound, relevant training programs for Latin American armies, in accordance with U.S. Government policy. That oversight role had previously been held by the Commander, U.S. Army Combined Arms Center, Fort Leavenworth, Kansas. We were told that manpower restrictions had limited what the Combined Arms Center could do in terms of oversight of the SOA. While the SOA would forward its training documentation, including POIs, through the Combined Arms Center to the TRADOC for review, the Combined Arms Center did not conduct policy content reviews. The USAIC oversight of the SOA is quite similar to the oversight previously administered by the Combined Arms Center. Geographical separation is no longer a problem, but the USAIC oversight function consists mainly of POI reviews and resourcing decisions. The USAIC Commandant told us that he views the SOA in a manner similar to that of other major USAIC departments. The USAIC reviews what the SOA and other USAIC departments do in an annual POI review. However, similar to the role exercised by the TRADOC, the USAIC does not conduct policy content reviews of POIs. The USAIC ensures adequate resourcing to address the instructional standards and that all courses meet the Terminal Learning Objective and the Enabling Learning Objectives. When changes are required, the USAIC is the approving authority. The USAIC Commandant said that determining the doctrinal consistency of the SOA instruction is more complicated than for other USAIC departments because the SOA materials are in Spanish.

Board of Visitors. The SOA Board of Visitors was established in 1996 to provide the Commander, TRADOC, with independent advice and program assessment from distinguished individuals in fields, such as education, Latin American affairs, human rights, and international law. Two former USSOUTHCOM Commanders in Chief, one former TRADOC Commander, two former U.S. Ambassadors, three academicians, and one attorney comprise the current Board of Visitors. The Board of Visitors meets twice a year and may provide advice and recommendations on matters related to the SOA policies, curriculum, educational philosophy, effectiveness, and learning resources. The Board has limited ability to conduct independent oversight of the SOA operations and relies, to a great degree on information presented by management.

External Oversight Deficiencies

Revision of the TRADOC 1990 Special Relationship MOA should assist in resolving the issue of oversight of the SOA. Currently, the biggest deficiency is that most of, if not all the external oversight bodies do not conduct hands-on content review of SOA lesson plans and instructional materials. Those bodies rely instead on the SOA to perform its own oversight in those areas.

Special Relationship Memorandum of Agreement. The 1990 MOA has not been revised to reflect that the Commandant, USAIC, is responsible for management oversight of the SOA. Two areas of concern related to the MOA and external oversight of the SOA involve curriculum approval and the need for Spanish language proficient officers at the USAIC to objectively review instruction.

Curriculum Approval. While the curriculum at all other Army schools has been developed in support of U.S. Army training and educational requirements, the SOA curriculum is designed to support U.S. policy and to meet the needs of the unified commands. The 1990 Special Relationship MOA contains provisions for the USSOUTHCOM and the U.S. Atlantic Command to provide annual formal comments concerning the appropriateness of the SOA curriculum and to recommend changes. Formal comments by the unified commands on the SOA curriculum ensures that the courses offered are those needed to satisfy regional objectives. We reviewed the USSOUTHCOM report on the 1996 Annual Security Assistance Conference and found no indication that the SOA curriculum had been approved at that forum. We learned that the SOA provides an informal briefing on its curriculum at each Annual Security Assistance Conference. However, a SOA representative, who has attended every conference since 1987, said that while the SOA briefs its curriculum at each conference, requests for a curriculum change have never been received at a conference. The same SOA representative said that curriculum change requests are received throughout the year and are accommodated, refined, or rejected in coordination with the requester. Because curriculum change requests are addressed throughout the year, the SOA curriculum briefing is viewed as an information exchange by conference attendees.

Spanish Language Proficiency. The external management oversight of the SOA exercised by the USAIC has not extended to the review of Spanish language lesson plans. There are no Spanish language proficient officers at the USAIC specifically assigned for those reviews. In late 1996, the USAIC tasked the SOA to conduct a "word for word reading" of its lesson plans and related instructional materials to determine whether they were in consonance with DoD policy. The review was accomplished solely by U.S. personnel assigned to the SOA; the USAIC did not participate in the review, nor did it independently verify the accuracy of the results. Meaningful external oversight of the SOA could be

achieved if personnel proficient in the Spanish language were assigned to the USAIC to perform objective and independent reviews of the SOA Spanish language materials. Without that presence, the USAIC is forced to rely on the SOA to oversee itself in this area. To alleviate that shortcoming, the TRADOC told us that despite manpower decrements, efforts continue to establish several positions at the USAIC coded in Spanish for the purpose of evaluating SOA training materials.

Recommendations

A. We recommend that the Commander, U.S. Army Training and Doctrine Command, revise the May 1990 U.S. Army School of the Americas Special Relationship Memorandum of Agreement. At a minimum, the revision should:

1. Specify and strengthen the role of the Commandant, U.S. Army Infantry Center, in conducting meaningful external oversight of the School of the Americas, to include its responsibility for ensuring the doctrinal consistency and training relevance of the courses.

2. Request that the U.S. Southern Command provide formal concurrence with or recommend changes to the School of the Americas curriculum.

B. We recommend that the Commander, U.S. Army Training and Doctrine Command, assign U.S. personnel proficient in the Spanish language to the U.S. Army Infantry Center for the purpose of evaluating School of the Americas lesson plans and associated instructional materials.

Part IV - Course Development

Lesson Plan Approval Process

Courses of instruction developed at the SOA follow the Army process and procedures specified in TRADOC Regulation 350-70, "Training Development Management, Processes and Products," September 24, 1995.

Program of Instruction. After a requirement to present a course of instruction has been validated as a task, the SOA assembles a POI in the English language. The POI includes the general makeup of the course, the resources required, the duration of the course, and other administrative data. The SOA then staffs the POI with the TRADOC and others who have an interest in the course for their approval. The TRADOC reviews all new POIs and major POI revisions to determine whether the SOA has the personnel and resources to provide the required instruction. The TRADOC review is not a policy content review and although there is a general listing in the POI of the references used to develop the course, the TRADOC does not verify that the references are complete and current. The responsibility for policy content and accuracy of references rests with the school submitting a POI. Once the POI is approved, development of the course continues. Each time a course is revised, the POI is changed. For example, the POI for the Military Intelligence Officer Course was last revised on January 29, 1996, replacing a POI that was 8 months old.

Lesson Plan Development. After POI approval, course development continues. This development includes the preparation of detailed lesson plans, teaching aids, such as slides and video tapes, study guides and worksheets, special instructional texts, practical exercises, and tests designed to confirm whether the course objectives have been met. The lesson is the basic building block of all training. An instructor-presented lesson is documented as a lesson plan and represents the detailed blueprint for presenting the instruction. The lesson plan is of such detail that a new instructor can teach the lesson with little preparation. All course development is in the Spanish language for lesson plans developed by the SOA. In some cases, such as the SOA Command and General Staff course, the SOA acquires lesson plans that are in use at other Army schools and translates them verbatim into Spanish. Once a lesson plan is prepared at the SOA, there is no requirement for another Army school to review it. The responsibility for lesson plan review rests with the SOA Commandant.

Lesson Plan Format. The TRADOC Regulation 350-70, is an over-arching regulation, superseding 13 TRADOC regulations, 4 TRADOC pamphlets, and other TRADOC regulatory guidance. The regulation requires standardization of lesson plan formats at all the TRADOC schools and in training conducted within the Army Reserve Component structure. The lesson plan formats must include:

o a full listing of the references used, to include numbers, titles, and dates;

o identification of those personnel, other than the instructor, who approved the lesson plan; and

o approvals obtained to release controlled unclassified information to foreign students.

We found that the SOA did not implement the TRADOC Regulation 350-70 provision related to lesson plan standardization. In 1995, the SOA conferred with the TRADOC to determine whether the SOA needed to adopt the standard lesson plan format. The SOA was informed that, because of its uniqueness with respect to Spanish language instruction, the TRADOC would not enforce a standard format for lesson plans designed only for internal SOA use. Based on the TRADOC guidance, the SOA developed a simplified lesson plan format that does not require a complete reference cite, does not record when lesson plans are reviewed, and does not address the releasability of information to foreign personnel.

While we agree that the SOA lesson plans have little or no utility for other schools within the TRADOC system, the TRADOC decision to authorize the SOA to use a nonstandard lesson plan format is inappropriate. Regardless of whether the instruction is in English or Spanish, the standardized TRADOC lesson plan format ensures that essential data are present in every lesson plan. The SOA format does not include the following:

o The SOA lesson plan format does not document whether personnel have reviewed the contents of a lesson. Given the SOA reliance on foreign guest instructors, it is important to document which U.S. personnel have reviewed the lessons and to record the dates of the review.

o Although the SOA lesson plan format requires instructors to list all references used to construct the lesson, the citing is brief and outdated doctrinal references may be perceived as valid.

o We found that 28 FMs that were translated into Spanish for use at the SOA, and subsequently offered for sale to foreign governments through the U.S. security assistance mechanism, contained a restricted dissemination caveat. The caveat advises users that coordination is required with the office of proponency, normally another TRADOC school, before the FMs can be made available to foreign governments. The TRADOC subsequently determined that the dissemination caveat was unnecessary in 18 of the 28 FMs and that 2 additional FMs were obsolete. Given the SOA focus on instruction to foreign personnel, lesson plan formats should identify all approvals that are required for release of FMs to foreign governments.

Lesson Plan Review. The last step of an 11-step lesson plan development process, outlined in TRADOC Regulation 350-70, directs developers to "obtain appropriate command authority approval." The data elements required for lesson plan approval include the name, rank, and position of personnel reviewing the lesson, as well as the date of the review. The regulation does not require any TRADOC school, including the SOA, to coordinate its lesson plans with any other Army school. Officials at the SOA told us that all lesson plans are developed by instructors and are reviewed for content and doctrinal compliance by Subject Matter Experts (SMEs). The TRADOC Regulation 350-70 indicates that an SME must have thorough knowledge of his or her duties and tasks. U.S. instructors at the SOA are usually qualified SMEs. In most cases, the SME is also the instructor or course director. For example, the SME for intelligence at the SOA is also the primary instructor and the course director for the Military Intelligence Officer Course. In some cases, other personnel can assist an SME in the review process. The SOA Battalion Commander is a Psychological Operations qualified officer. Because of his expertise, he can assist those responsible for the Psychological Operations Course. The SOA Commandant, also has a role in the review process. Five weeks prior to the start of each course, he chairs a Course Mission Training Plan review, at which time proposed revisions to a course are discussed and receive final approval. While foreign instructors at the SOA may possess functional expertise and experience, they are not considered SMEs. Without exception, U.S. instructors at the SOA review the lesson plans used by foreign instructors.

Regardless of the lesson plan review process at the SOA, it is difficult to determine when and by whom lesson plans are reviewed. The SOA lesson plan format has no place for those reviewing the contents to record the date and the results of the review. In some cases, we found that lesson plans were not reviewed by any individuals other than the SME. For example, the 45 lesson plans comprising the Military Intelligence Officer course showed that the SME had reviewed each one, yet only 6 plans showed an additional level of review.

Coordination With Other Army Schools. Within the Army system, schools are identified as the proponent for certain topics. TRADOC Regulation 350-70 identifies a Proponent School as "The TRADOC school designated by the Commanding General, TRADOC or appropriate Major Command as training proponent to exercise supervisory management of all combat/training development aspects of a material system, functional area or task. It analyzes, designs and develops training/training products for the proponency area." For example, the U.S. Army Intelligence Center and Fort Huachuca is designated as the proponent for intelligence and counterintelligence.

The Army Staff told us that the SOA has no proponency requirement and thus does not develop any doctrinal concept for the Army. The SOA is a unique school that provides instruction in Spanish on topics and issues developed by other Army schools. In some cases, such as the SOA Command and General Staff course, the

instruction is designed to mirror the Army course provided in English at the proponent school in Fort Leavenworth, Kansas. In other cases, such as the Intelligence Officer Course and the Civil Affairs Course, while SOA instructors developed the lesson plans, the lesson plan building blocks were taken from the doctrinal references and related materials developed by other proponent schools.

The SOA attempts to have every SME visit the proponent TRADOC school at least once a year. One purpose of the visit is to identify pertinent and new doctrinal material for inclusion in SOA courses. Another purpose is to allow proponent schools to review SOA POIs. New material collected during visits and identified for adoption by the SOA is earmarked for translation into Spanish by the SOA Language Services Division. Once translated, the SME reviews the material for doctrinal correctness prior to publication.

Recommendations

C. We recommend that the Commandant, School of the Americas, with the concurrence of the Commandant, U.S. Army Infantry Center:

1. Adopt the standard lesson plan format in U.S. Army Training and Doctrine Command Regulation 350-70, "Training Development Management, Processes and Products," September 24, 1995, to ensure that, at a minimum, the following information is displayed on each lesson plan:

a. A thorough listing of the references used, to include numbers, titles, and dates.

b. The identity of those personnel, other than the instructor, who approve the lesson plan.

c. The approvals obtained from other Training and Doctrine Command schools on lesson plans that are reviewed at schools other than the School of the Americas.

d. The approvals obtained to release any controlled, unclassified information to foreign students.

2. Establish a process to identify lesson plans requiring updates as a result of changes in DoD and Army policy and doctrine.

3. Institute a comprehensive lesson plan review policy that, at a minimum, identifies the individuals responsible for reviews and the dates the reviews occurred.

4. Ensure a legal review of lesson plans for compliance with law, policy, and regulation, as appropriate.

5. Coordinate with appropriate proponent schools to obtain comments and suggestions on lesson plans under their proponency.

Part V - Administrative Issues

Obsolete Reference Materials

Some SOA courses and lesson plans use outdated instructional materials without acknowledging that more recent revisions and changes exist. Additionally, no records exist that indicate that proponent schools have approved the release of controlled materials under their cognizance to foreign personnel. As a result, controlled instructional materials could be provided to students without the knowledge and approval of proponents and students might incorrectly assume the materials are current.

Awareness of Outdated Materials. A number of the Army doctrinal references that have been translated into Spanish for use at the SOA are not current, and foreign persons receiving outdated reference material are not advised of this fact. The U.S. instructors at the SOA with whom we met were uncertain as to the aids that are available to determine the currency of doctrinal references. Officials in the TRADOC told us that it is not uncommon to find outdated manuals being used for instruction at training schools throughout the Army. Reference materials, such as FMs developed by the TRADOC for Army-wide use, are reviewed to ensure that they do not contain any information that contravenes U.S. or DoD policy. This review applies not only to current materials, but also to outdated reference materials. The TRADOC officials opined that as long as instructors are aware that references are outdated, and know what is contained in an updated change, the isolated use of outdated references did not necessarily indicate improper instruction.

Monitoring Revisions. Department of the Army Pamphlet 25-30, "Consolidated Index of Army Publications and Blank Forms," dated October 1, 1996, assists Army personnel in determining whether publications are current or obsolete. The pamphlet provides a comprehensive list that cites the number, title, and date of the Army's current and obsolete FMs. None of the U.S. instructors at the SOA indicated that they had ever used the pamphlet to determine whether the references they used were current.

Outdated Instructional Materials. We compared the listing of 124 FMs in SOA Pamphlet 109, "Catalogue of Publications-1997," with the list in Department of the Army Pamphlet 25-30. Forty FMs were listed in the SOA catalog under titles that had been revised or rescinded. The Army pamphlet identified the 40 FMs as obsolete. Four of the obsolete manuals pertained to intelligence. We reviewed the outdated version of each FM to determine whether the contents reflected older doctrine or whether they contained questionable human rights language. We found that the contents of the outdated FMs merely reflect older doctrine and contain no questionable human rights language. Other doctrinal publications listed in the SOA catalog may have been revised with no change in either title or FM number.

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Because the SOA catalog does not list document publication dates, we could not compare them with the listing in Army Pamphlet 25-30. Officials at the SOA said that, on occasion, an obsolete FM might be used in a course because the students' countries have not yet received or may never receive state-of-the-art equipment that is described in an FM. Therefore, SOA officials advised that what is considered obsolete by U.S. standards may be current and appropriate for other armies in the Western Hemisphere. Nevertheless, we believe that SOA instructors should be aware that materials are outdated and of the revisions in current versions.

Recommendations

D. We recommend that the Commandant, School of the Americas:

1. Review the currency of all materials listed in the School of the Americas Catalog of Publications and amend the listing to include the date of each reference and a notation identifying the references that have been rescinded or revised.

2. Insert a notification in each obsolete reference used at the School of the Americas, or otherwise made available to foreign personnel through sale, that indicates that the reference is obsolete, cites the latest revision, and summarizes the changes contained in the revision.

3. Confirm, at least annually, the currency and compliance with Army doctrine of all non-Army instructional materials used at the School of the Americas.

Required Distribution

The SOA is not receiving all the new doctrinal materials that are available to support its instructional requirement because the SOA statement of required distribution is incomplete. As a result, the SOA may be unaware of new instructional materials that rescind others in use at the SOA, and its ability to revise lesson plans and other training materials could be inhibited.

Automatic Distribution System. Distribution of required publications is a "push" system whereby each Army activity submits its required publications listing to the U.S. Army Publications and Printing Command. Publications available through

this Army-wide distribution system include doctrinal materials, normally in the form of FMs originating within the TRADOC organization. Once an activity states a requirement for a given publication, the activity automatically receives changes and revisions. When a new publication supersedes one or more existing publications, and is published with a different title or FM number, the requesting activity automatically receives the new document. The listing the SOA submitted to the Army to register its need for official publications is not complete. Therefore, the SOA does not receive updates for some of the materials it uses. For example, the SOA has not listed FM 34-52, "Intelligence Interrogation," as a required publication, although the subject is included in its Military Intelligence Officer Course.

Obsolete Materials. Because the SOA does not maintain a current and complete statement of required distribution, some updates to doctrinal publications are not forwarded to the school. For example, the SOA is still using FM 30-15, "Intelligence Interrogation," which is dated September 29, 1978. That FM was superseded on May 8, 1987, by a manual with the same title, but renumbered FM 34-52. The FM was last revised on September 28, 1992. We reviewed the obsolete and the current FMs and determined that they contained no objectionable human rights language. Had the SOA listed FM 30-15 in its statement of required distribution, it would have received all revisions automatically. We compared 124 FMs listed in SOA Pamphlet 109, "Catalogue of Publications - 1997," with the November 1996 U.S. Army Printing and Publishing Command printout of the SOA publications distribution. The comparison showed that the SOA was not on distribution for updates to 34 FMs it uses for instruction or sells to foreign governments.

Recommendation

E. We recommend that the Commandant, School of the Americas, revalidate on a regular basis the school's statement of required distribution with the U.S. Army Printing and Publishing Command. The revalidation should ensure that the School of the Americas receives automatic updates to all Field Manuals and related Army doctrinal references it uses to develop courses and lessons or provides to students in the conduct of its instruction.

SOA Evaluation Program

Evaluation Branch. TRADOC Regulation 350-70 requires that schools within the TRADOC system implement an evaluation and quality assurance program, using the staff evaluation organization as the program's vehicle. Assessing conformity with doctrine and currency of training materials is an essential ingredient of the program. However, the Directorate of Evaluation and Standardization has been eliminated throughout the TRADOC system because of mandated personnel cuts. Recognizing the need to maintain a separate evaluation mechanism, a two-person Evaluation Branch consisting of one foreign officer and one U.S. Army Non-Commissioned Officer, continues to operate as an element under the Staff and Faculty Development Division at the SOA. The branch is responsible for assessing both the quality of instruction and the expertise of the instructors.

The foreign officer focuses primarily on instruction inside the SOA classrooms while the U.S. Army Non-Commissioned Officer assesses field instruction. The branch concentrates on how well the instructor complies with the lesson plans, the instructor's techniques to enhance learning, and how the instruction aligns to the learning objective; but it does not address conformity with doctrine and currency of training materials. Doctrinal conformity and currency of training materials is an SME responsibility.

Although the SOA has retained the evaluation mechanism in the face of directed personnel cuts, the scope of the evaluations is limited. Given that the SOA relies so much on foreign instructors (in 1996, 23 of 72 instructors were foreign officials) and that a major portion of the instruction is imparted in the absence of either U.S. instructors or students, we believe that the Evaluation Branch should be strengthened and headed by a U.S. citizen.

Recommendation

F. We recommend that the Commandant, School of the Americas, strengthen the internal evaluation function and ensure that the Evaluation Branch staff is headed by a U.S. citizen.

Part VI - Related Issues

The August 1992 DoD Policy Memorandum

Following the 1991 discovery that improper intelligence training materials in the Spanish language were being used at the SOA and elsewhere in the USSOUTHCOM area of responsibility, corrective measures were initiated, but were not effectively implemented within the DoD or the Army. The measures were designed to ensure that greater attention is given to intelligence and counterintelligence training provided to foreign students.

DoD Policy. The Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) issued policy memorandum, "DoD Policy on Intelligence and Counterintelligence Training of Non-United States Persons," August 27, 1992 (see Appendix B). We determined in our earlier report, PO 97-007, "Evaluation Report on Training of Foreign Military Personnel - Phase I," February 21, 1997, that the DoD corrective measures were not effectively implemented. The Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) agreed to formalize the 1992 policy memorandum and to reissue the document as a DoD Directive.

Army Policy. The Army implemented the August 1992 DoD policy memorandum when the Office of the Deputy Chief of Staff for Intelligence issued policy memorandum, "DA Policy on Intelligence and Counterintelligence Training of Non-United States Persons," November 18, 1992. The memorandum was sent to the U.S. Army Intelligence Center and Fort Huachuca, and copies were provided to the TRADOC and the U.S. Army Intelligence and Security Command, but not to the SOA. The memorandum confirmed that the Deputy Chief of Staff for Intelligence, Department of the Army, was "responsible for the content of all intelligence and counterintelligence training offered to and by the U.S. Army, and that the Commander, U.S. Army Intelligence Center-Fort Huachuca, exercises day to day responsibility for those training functions." The Army memorandum tailored the provisions of the DoD memorandum to address its consumers. The provisions included:

- a requirement that all intelligence and counterintelligence training material used or provided be cleared by the Office of the Deputy Chief of Staff for Intelligence for release to foreigners;

- a requirement to obtain the approval of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) if the intelligence or counterintelligence training is to be provided overseas;

- a requirement that a master copy of all intelligence and counterintelligence lesson plans and instructional material must be available in the English language; and

- a requirement that the English language translations would be held at the U.S. Army Intelligence Center and Fort Huachuca.

Officials at the Department of the Army, the TRADOC and the SOA told us that the vast majority of Army personnel were not aware of the November 1992 Army policy memorandum that implemented the August 1992 DoD guidance. Furthermore, the TRADOC officials claimed that despite the fact that the TRADOC was on the distribution list for the Army policy memorandum, the requirement was never communicated to the command, and no action was taken.

SOA Situation. We learned that 669 lesson plans make up the courses that comprise the SOA curriculum. All the lesson plans are in the Spanish language, and no English translations exist. Officials at the SOA said that the school was not aware of the 1992 Army policy memorandum that required English translations of lesson plans and associated material related to intelligence and counterintelligence training. For purposes of this review, we selected a sample of 20 of the 136 SOA lesson plans associated with intelligence or intelligence-related topics that were, at our request, independently translated into English for our examination. We considered these 20 lesson plans to be those that most likely relate to human rights issues. Based on our review of those lesson plans, we concluded that they are current, doctrinally correct, and in accordance with U.S. and DoD policy with respect to the protection of human rights.

Recommendations

G. We recommend that the Deputy Chief of Staff for Intelligence, Department of the Army:

1. Ensure that Army components comply with the provisions of the Department of the Army November 18, 1992, policy memorandum on intelligence and counterintelligence training of non-United States persons; and revise and republish the Army policy as necessary, following publication of the new DoD Directive on the subject.

2. Stress the applicability of the November 18, 1992, Department of the Army policy memorandum to instruction at the School of the Americas.

H. We recommend that the Commander, U.S. Army Training and Doctrine Command, task the School of the Americas to:

1. Translate all intelligence and counterintelligence lesson plans and related instructional materials in the curriculum into English, and ensure that the materials are cleared through appropriate foreign disclosure entities in the Department of the Army. The translations should be completed within 180 days from the publication date of this report.

2. Provide a copy of the translated materials to the U.S. Army Intelligence Center and Fort Huachuca for retention.

Screening Foreign Instructors and Students

Each potential assignment of a foreign official to the SOA as an instructor or student is first considered by the U.S. Embassy in the country in which that person is a citizen. On occasion, countries are prohibited from using certain funding sources to send students to the SOA because of sanctions imposed by the U.S. Government. Those sanctions can be based on events ranging from human rights violations (Chile, El Salvador, Guatemala) to the shootdown of a U.S. plane (Peru). The embassy screening process is designed to ensure that all factors associated with an assignment to the SOA are fully coordinated and that the resultant decision is consistent with U.S. policy. While foreign personnel assignments to the SOA are fully coordinated in the foreign country, appropriate DoD organizations should be advised whenever assignments of personnel from countries under sanction are being considered. It is recognized that many sanctions are caused by failure to repay U.S. Government loans on time. Sanctions of this nature need not require coordination of assignments to the SOA.

Embassy Responsibilities. The U.S. Embassy in a foreign country, providing instructors and students to the SOA, is responsible for screening them as part of the nomination process. A Department of State cable, "Screening the Human Rights Records of Nominees for U.S.-Sponsored Training," Date Time Group 111930Z JAN 94, reminded all Chiefs of Mission (Ambassadors):

> ...that all candidates for U.S. training or travel grants - military or civilian - should be carefully checked for any record of criminal activity, human rights abuses or corruption that would make them ineligible or inappropriate for U.S. programs. This applies to nominees for, inter alia, International Military Education and Training (IMET), DoD educational institutions, police training, counter-terrorism and counter-narcotics training and USIS [U. S. Information Service] international visitor programs. Screening the records of prospective nominees for human rights abuses, corruption and criminal actions is in keeping with the administration's emphasis on human rights, and greater congressional and public scrutiny of recipients of U.S. training and travel grants.

The screening process starts after a foreign country requests personnel quotas and provides the names and other identifying data of those they wish to nominate to the U.S. Embassy in that country. Once prospective instructors and students are approved, the U.S. Security Assistance Office in the embassy publishes invitational travel orders for them to proceed to the SOA.

International Military Education and Training Restrictions. On occasion, countries are prohibited from sending their students to the United States under International Military Education and Training (IMET) funding to receive training. In some instances, the prohibition is of short duration, such as the period immediately following a coup. In other instances, the prohibition may be long term, such as with Guatemala, when IMET was suspended in March 1995 because of concerns about the lack of progress in resolving human rights abuse cases. The

Foreign Operations, Export Financing, and Related Programs Appropriations Acts of 1996 and 1997 state that no IMET funds may be made available for Guatemala. The 1996 and 1997 acts provided that IMET funding may be provided to Guatemala if the President certifies that the Guatemalan military is cooperating with efforts to resolve human rights abuses by the military.

International Narcotics and Law Enforcement Affairs Program Funding. Even though a country may be under an IMET suspension, instructors and students from that country could be assigned to the SOA during the suspension period. When we visited the SOA in 1996, we noted the presence of Guatemalan students, and we asked about the source of their funding. We were told that the Guatemalans were funded through the International Narcotics and Law Enforcement Affairs (INLEA) program. The Department of State Congressional Presentation for Foreign Operations for FY 1997 states that one objective of the INLEA is to "improve the ability and cooperation of host nation police and military forces to attack narcotics production and trafficking centers." That same document indicates that INLEA funding of $2.1 million for FYs 1995 and 1996 had been authorized for Guatemala, because narcotics trafficking through that country was on the rise. The funding dropped to $2 million for FY 1997. In FY 1996, approximately 35 percent (326) of the 931 foreign students enrolled in the SOA were INLEA funded. (The SOA expects the INLEA to fund 15 percent [180] of its estimated 1,200 students in FY 1997.) Students funded by INLEA can be members of either the armed forces or the national police and are sent to receive training in courses that will benefit a country's war on drugs.

The Prohibition Issue. We learned that a Guatemalan military officer was assigned to the SOA as a guest instructor while Guatemala was under IMET sanction due to human rights abuses. That sanction commenced in March 1995 and continues to date. The instructor's assignment was approved by the U.S. Embassy in Guatemala City. A March 31, 1995, memorandum from the Commander of the U.S. Military Group in Guatemala to the SOA Commander, advised him that the Guatemalan officer had been "vetted with other U.S. Embassy offices to insure there was no derogatory information on him. These included DEA, Political, DAO and Consulate." The memorandum further stated that the vetting was "standard operating procedure on any officer traveling to the U.S." We also learned that even though Guatemala could not send students to the SOA because of the IMET restriction, the SOA was not precluded from using its own funding to enable its guest instructor to gain admittance to the SOA. Foreign governments fund all salaries and other associated costs for instructors they provide to the SOA.

The assignment of a guest instructor at the SOA from a country that is under IMET, Expanded-IMET, or Foreign Military Sales sanction, in particular, because of human rights abuses, can raise serious concerns regarding the quality and propriety of the instruction. At a minimum, an in-depth, preselection review should be conducted and coordination should be effected with the DoD whenever students or guest instructors from countries under IMET, Expanded-IMET, or

Foreign Military Sales sanction are under consideration for assignment to the SOA or any DoD school. In cases in which officials from countries still under sanction are eventually given U.S. Government authorization to instruct at the SOA, the SOA should maintain vigorous oversight of the nature and quality of the instruction provided by those officials.

Recommendations

I. We recommend that the Assistant Secretary of Defense (International Security Affairs), in conjunction with the Department of the Army, ensure that Department of Defense coordination is obtained whenever a U.S. Embassy in a country under International Military Education and Training, Expanded International Military Education and Training, or Foreign Military Sales training sanction, considers the assignment of students or guest instructors to the School of the Americas.

J. We recommend that the Commandant, School of the Americas, maintain vigorous oversight over the nature and depth of instruction provided by guest instructors from countries under International Military Education and Training, Expanded International Military Education and Training, or Foreign Military Sales training sanction, should they be assigned to the School of the Americas.

Spanish Language Requirement

Because instruction at the SOA is in the Spanish language and because the ability to converse with and understand foreign students and instructors is an important factor in the review and oversight of SOA instruction, most U.S. staff and faculty personnel assigned to the SOA must be proficient in Spanish. We found nothing to support a recent claim that U.S. personnel assigned to the SOA lacked sufficient Spanish linguistic capability to satisfy mission requirements.

Proficiency of U.S. Personnel. The November 1, 1996, SOA Table of Distribution and Allowances, indicates that proficiency in the Spanish language is a requirement for U.S. instructors. Similar language requirements are listed for key members of the SOA command group and staff who are not instructors such as the Commandant, the Chief of Staff, the Director of Training Development and the Battalion Commander. Because all instruction at the SOA is in Spanish, and because U.S. instructors and selected staff personnel must converse with foreign personnel on a regular basis, requisitions submitted by the SOA through the Army

replacement and assignment system seek replacement personnel already proficient in Spanish.

Language Testing. Once assigned to the SOA, personnel who are expected to be proficient in Spanish are required to pass the Modern Language Proficiency examination. Prospective instructors who fail to achieve a satisfactory grade are not permitted to instruct at the SOA until they pass the exam. If they cannot pass the exam, they are reassigned within the SOA to support duties or they might be reassigned elsewhere at Fort Benning. To maintain language proficiency, personnel must pass the Modern Language Proficiency examination annually.

SOA Commandants. Recent criticism of the SOA alleged that previous SOA Commandants lacked the required proficiency in Spanish to perform their duties. The criticism is unfounded. We checked the records of every SOA Commandant from 1982 to the present. Their Spanish language proficiency, listed below, ranges from limited working (2+) to functionally native (5). Foreign language skill levels range from 0 to 5.

Language Proficiency of SOA Commandants

Period of Assignment	Listening	Reading
Jun. 1982 - Jun. 1984	4	4
Jun. 1984 - Oct. 1985	3	3
Oct. 1985 - Jan. 1989	4	5
Jan. 1989 - May 1991	2+	3
May 1991 - Mar. 1993	3	3
Mar. 1993 - Jan. 1995	3	2+
Jan. 1995 - Present	3	3

Part VII - Additional Information

Appendix A. Summary of Prior Reports and Reviews

During the last 5 years, the General Accounting Office; the Inspector General, DoD; the General Counsel and Inspector General, DoD; the SOA Board of Visitors; the U.S. Army Infantry Center Task Force; and the Professional Software Engineering, Inc., issued reports discussing SOA issues.

General Accounting Office

Report No. NSIAD-96-178 (OSD Case No. 1171), "School of the Americas - U.S. Military Training for Latin American Countries," August 22, 1996, states that the SOA training is intended to provide a long-term investment in a positive relationship with Latin America. Training at the SOA makes up a small percentage of the entire training the Army provides to foreign students. The courses offered at the SOA are based on U.S. military doctrine and are similar to courses at other Army training locations. The SOA courses emphasize the protection of human rights. The report did not address problems or weaknesses at the SOA and offered no recommendations for corrective action.

Inspector General, DoD

Report No. PO 97-007, February 21, 1997, "Evaluation Report on Training of Foreign Military Personnel - Phase I," provides the results of a review of the Assistant to the Secretary of Defense (Intelligence Oversight) report of March 1992 on the use of Spanish language intelligence training manuals in the U.S. Southern Command area of responsibility and at the School of the Americas. The evaluation was undertaken at the request of the Deputy Secretary of Defense to determine whether the 1992 report was adequate to assess individual responsibility and to determine whether corrective actions recommended in the report were satisfactorily implemented. The Inspector General, DoD, evaluation determined that the 1992 report was adequate for concluding that no deliberate or orchestrated attempt was made to violate DoD or Army policies and that no further investigation was required. In August 1992, the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) issued a policy memorandum on intelligence and counterintelligence training of non-U.S. persons. The memorandum directed that the appropriate authority must approve the

training materials to ensure consistency with policy and that the materials must be cleared for foreign release. The Inspector General, DoD, evaluation concluded that the memorandum had little impact and that only the Army and the Defense Intelligence Agency published implementing instructions. The evaluation report recommended that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) reissue the memorandum as a DoD directive.

General Counsel and Inspector General, DoD

The DoD Guatemala Review Panel, chaired by the DoD General Counsel and Inspector General, issued Report Serial Number SI-433514-95, "Guatemala Review-Report to the President's Intelligence Oversight Board," October 31, 1995. The report, which focused on a Government-wide review of allegations surrounding the death, disappearance, and kidnapping of U.S. citizens and others in Guatemala, described the use of inappropriate training materials in the USSOUTHCOM area of responsibility from 1982 through 1991. The report states that Guatemala was among the nations that received intelligence training from USSOUTHCOM Mobile Training Teams using the inappropriate manuals and that Guatemalan military personnel were students at the SOA when the manuals were in use.

Board of Visitors

The "Initial Report of the Board of Visitors," July 8, 1996, states that the SOA mission is being pursued in an exemplary manner by the Commandant and his staff. The report indicates that the SOA fulfills a need in providing doctrinal training as well as instruction on civilian control, democratic values, and human rights. The report made several recommendations, including that:

- o the current mission of the SOA remain unchanged;
- o the SOA become more relevant to Latin American country needs by modifying its doctrine, curriculum, and course materials;
- o the SOA remain under the TRADOC;
- o Spanish remain the principal language for SOA courses; and

o the SOA curriculum be monitored to ensure that current inclusion of human rights instruction is maintained and strengthened.

U.S. Army Infantry Center Task Force

At the direction of the TRADOC Commander, a task force was created in 1994 to review all aspects of the operations of the SOA in response to a request received from the Senate Governmental Affairs Committee for a full report on SOA. The U.S. Army Infantry Center Task Force, "Report on the School of the Americas," March 15, 1994, states that the SOA has been and remains a valuable strategic instrument. The SOA accomplishes its assigned mission and complies with applicable regulations. The nomination and selection process of SOA cadre and students is sound. The SOA courses are comprehensive, doctrinally sound, and cost-effective. Less than 1 percent of all SOA graduates are alleged to have committed crimes or human rights violations. There is no evidence that indicates that the SOA courses influenced alleged criminal behavior. The report concludes that the SOA program for human rights training is the most comprehensive and well-developed program in the U.S. Army. The report recommends that the SOA be provided adequate resources to continue to execute its mission and that an active duty lawyer be assigned to the SOA faculty to enhance its human rights awareness training.

Professional Software Engineering, Inc.

The Professional Software Engineering, Inc., a private sector company, was contracted by the TRADOC to conduct a study of the SOA. In its "White Paper on U.S. Army School of the Americas," August 4, 1995, the company points out that the SOA is strategically important to the United States and that the SOA mission supports U.S. foreign policy. The report states that the publicity received by the SOA has given the U.S. Army an opportunity to examine the SOA operations closely and resulted in added emphasis on human rights in the course materials. The white paper stresses that human rights violations by Latin American military personnel cannot be linked to SOA instruction or training.

The white paper recommends that:

o the Army reaffirm Spanish as the language of instruction at the SOA;

o the SOA be subordinated to USSOUTHCOM;

o the TRADOC seek a clear statement of policy regarding the SOA;

o the TRADOC ask the DoD to review the interpretation of the Expanded IMET criteria; and

o the TRADOC investigate the affiliation between the SOA and the Inter-American Defense College.

Appendix B. DoD Policy Memorandum



ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-3040

August 27, 1992

COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
DIRECTOR, DEFENSE INTELLIGENCE AGENCY
DIRECTOR, NATIONAL SECURITY AGENCY

SUBJECT: DoD Policy on Intelligence and Counterintelligence Training of Non-United States Persons

It is the policy of the Department of Defense (DoD) that the Military Departments, unified and specified combatant commands, and DoD intelligence agencies may provide intelligence and counterintelligence training to non-United States persons when such training supports essential national security objectives. All such training shall conform with current statutes, executive orders, Director of Central Intelligence directives, and DoD directives, instructions, regulations, and shall reflect current departmental policies and procedures. Further, training material used or provided must have been approved by the appropriate DoD doctrinal authority to ensure that it is consistent with U.S. and DoD policy and must have been cleared for foreign release. In cases where this training is provided overseas, OSD policy approval must be obtained through ASD(C3I). A master copy of all lesson plans and instructional material must be available in the English language.

The ASD(C3I) is responsible for overall DoD policy and oversight of the training of non-U.S. persons in intelligence and counterintelligence subjects. ASD(C3I) will provide OSD policy review and coordination as required. Procedural guidance is contained in the attachment to this memorandum.

The Secretaries of the Military Departments and Directors of the DoD intelligence agencies continue to be responsible for review and approval of the intelligence and counterintelligence training provided by their departments/agencies and shall ensure that all associated Programs of Instruction (POI) are consistent with the policy stated above. Proposals for training to be provided overseas should be coordinated with ASD(C3I).

The Chairman of the Joint Chiefs of Staff should review and approve intelligence and counterintelligence training proposed by the unified and specified combatant commanders. Proposals for training to be provided overseas should be coordinated with ASD(C3I).

Duane P. Andrews

Attachment

Procedural Guidance for Intelligence and Counterintelligence Training of non-U.S. Personnel

Existing Military Department, DIA, NSA, and JCS procedural guidance for training with CONUS remain in effect.

Existing responsibilities for technical review of training proposals remains in effect.

In the case of intelligence and counterintelligence training provided overseas, formal programs of instruction (POI) must be developed prior to the initiation of training. These POI must contain lesson plans and copies of all instructional materials, including handouts, to be used in the training.

Lesson plans and materials will be standardized to the maximum extent practicable and will be generated by the appropriate Military Department major command responsible for training doctrine. In cases where appropriate lesson plans have not been prepared by the Service major command and cannot be prepared in time to meet objectives critical to the combatant commanders, draft lesson plans and material may be proposed by the U&S command involved, but must be endorsed as doctrinally correct by the appropriate Service major command. Services will assure that adequate English language translations exist of all material.

All POIs shall be reviewed doctrinally by the Services which is proponent for the subjects being taught, the Defense Intelligence Agency (DIA), the National Security Agency (for SIGINT subjects), and the Joint Staff. DIA will be responsible for certifying that the information has been cleared for release to the foreign government specified before endorsing the POI. Prior to any deployment of training personnel, the training proposal shall be reviewed by the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) (ASD(C3I)). The ASD(C3I) will accomplish staffing within OSD and with the intelligence community as necessary. Requests for ASD(C3I) review should not be forwarded until the concurrence of the appropriate Military Services, DIA, and all appropriate Joint Staff offices has been obtained. These concurrences and any pertinent comments should be shown in the request for ASD(C3I) review.

Appendix C. Report Distribution

Office of the Secretary of Defense

Deputy Secretary of Defense
Under Secretary of Defense for Policy
Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)
Assistant Secretary of Defense (International Security Affairs)
Assistant Secretary of Defense (Public Affairs)
General Counsel of the Department of Defense
Assistant to the Secretary of Defense (Intelligence Oversight)
Director, Defense Logistics Studies Information Exchange

Joint Staff

Director, Joint Staff
Inspector General, Joint Staff

Department of the Army

Secretary of the Army
Under Secretary of the Army
Deputy Under Secretary of the Army for International Affairs
Commander, Training and Doctrine Command
Deputy Chief of Staff for Intelligence
Inspector General, Department of the Army
Auditor General, Department of the Army
Commandant, United States Army Infantry Center
Commandant, School of the Americas
Inspector General, United States Army Infantry Center

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management and Comptroller)
Inspector General, Department of the Navy
Inspector General, United States Marine Corps

Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Inspector General, Department of the Air Force

Unified Commands

Commander in Chief, U.S. European Command
  Inspector General, U.S. European Command
Commander in Chief, U.S. Pacific Command
  Inspector General, U.S. Pacific Command
Commander in Chief, U.S. Atlantic Command
  Inspector General, U.S. Atlantic Command
Commander in Chief, U.S. Southern Command
  Inspector General, U.S. Southern Command
Commander in Chief, U.S. Central Command
  Inspector General, U.S. Central Command
Commander in Chief, U.S. Special Operations Command
  Inspector General, U.S. Special Operations Command

Defense Organizations

Director, Defense Intelligence Agency
  Inspector General, Defense Intelligence Agency
Director, Defense Logistics Agency
Director, National Imagery and Mapping Agency
  Inspector General, National Imagery and Mapping Agency
Director, National Security Agency
  Inspector General, National Security Agency
Director, Defense Security Assistance Agency

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division, General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Select Committee on Intelligence
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on Government Management, Information and Technology, Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
House Committee on National Security
House Permanent Select Committee on Intelligence

Part VIII - Management Comments

Department of the Army Comments

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY UNDER SECRETARY OF THE ARMY
INTERNATIONAL AFFAIRS
102 ARMY PENTAGON
WASHINGTON DC 20310-0102

22 October 1997

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Evaluation of the U.S. Army School of the Americas – INFORMATION MEMORANDUM

The Department of the Army reviewed the September 3, 1997 draft evaluation report, "Training of Foreign Military Personnel, Phase II: School of the Americas" and, as requested, provides management comments.

While the report found no evidence of lesson plans or publications at the School of the Americas that are inconsistent with U.S. or Department of Defense (DoD) policies, it noted some administrative deficiencies and recommended corrective actions. Enclosed are the comments of the Commander, U.S. Army Training and Doctrine Command indicating the Army's concurrence with, and proposed actions on, most of the recommendations. The Army's Inspector General will review our progress in correcting the noted administrative deficiencies and addressing your recommended changes.

The Army will continue to fulfill its mission of operating the School in accordance with U.S. and DoD policies.

Claude M. Kicklighter
Lieutenant General,
United States Army Retired
Deputy Under Secretary of the Army
(International Affairs)

Enclosure

Printed on Recycled Paper

DEPARTMENT OF THE ARMY

ATTG-I

18 September 1997

MEMORANDUM THRU Deputy Under Secretary of the Army (International Affairs), 102 Army Pentagon, Washington, D.C. 20310-0102

FOR Secretary of the Army, 101 Army Pentagon, Washington, D.C. 20310-0101

SUBJECT: Management Comments on Evaluation Report on Training of Foreign Military Personnel, Phase II: School of the Americas

1. DOD IG memorandum, dated 3 Sep 97, subject: Evaluation report on Training of Foreign Military Personnel, Phase II: School of the Americas (Project No. 7OI-9099.01), requested management comments prior to release of the final report.

2. Comments on the Executive Summary are as follows:

a. The Executive Summary should contain a brief statement of the evaluators' overall assessment of School of the Americas (SOA). Did they find a well-run school teaching U.S. Army doctrine and emphasizing human rights? We believe the inspectors are well-qualified to make such a brief, general assessment, and that it is well within the spirit of their charter.

b. We have concerns regarding the report's handling of "external oversight." The use of phrases such as "hands on content review" appears to equate external oversight with detailed curriculum review.

(1) While SOA has not had a detailed curriculum review by an outside agency, it has been the beneficiary of aggressive external oversight in recent years. (One indication is the number of prior reports and reviews cited in Appendix A.) The SOA Board of Visitors is one source of valuable external oversight. The members pursue their duties aggressively and provide candid criticism.

(2) Passages in the report could be construed to mean that OSD, the Army Secretariat, or the Army staff should be providing external oversight of SOA. The Commander, U.S. Army Infantry Center, can provide the most effective external oversight of SOA and that is the appropriate level.

Department of the Army Comments

ATTG-IT
SUBJECT: Management Comments on Evaluation Report on Training of Foreign Military Personnel, Phase II: School of the Americas

c. We will work with the other signatories to update the Special Relationship Memorandum of Agreement (MOA) to reflect changes that have already taken place. We will augment the staff of the Infantry Center with qualified Spanish speakers to facilitate oversight of SOA. We question, however, whether the assignment of Spanish speakers to the Infantry Center is an appropriate topic for the MOA. The 1990 version does not cover management oversight within TRADOC, and this has never been an issue with the other signatories.

d. TRADOC is the proponent for policy on lesson plan formats; there is no U.S. Army policy. While we have the authority to grant exceptions to our own policy on a case-by-case basis, we will review our decision with regard to SOA.

revised Exec Sum

e. There are many reasons why an "obsolete" manual may be appropriate for use at SOA based on the type of equipment, force structure, or doctrine used by the Latin American armies. U.S. Army doctrine is dynamic; field manuals are continually being revised. The index to publications can be very misleading in this regard. We will, however, ensure that SOA has the most recent index, update the "statement of required distribution", and revise our procedures regarding reference materials IAW the DODIG recommendations.

f. With regard to the 1992 Army policy memorandum published by HQDA DCSINT on intelligence and counterintelligence training of non-United States persons: we searched files at HQ TRADOC, Fort Benning, Fort Leavenworth, and Fort Huachuca, and could not locate a copy. There is no evidence the memo was ever received at TRADOC. We are taking action to comply with the memo and concur with recommendation that we translate intelligence and intelligence-related lesson plans in 180 days.

g. Prior to assignment of guest instructors from countries under sanction, TRADOC will coordinate with the Office of the Deputy Under Secretary of the Army (International Affairs) (DUSA-IA). DUSA-IA will staff further as appropriate; however, we question the utility of OSD involvement.

h. Once a guest instructor has been through the screening/vetting process and approved for assignment to SOA, SOA exercises the same degree of supervision as for any other guest instructor. It is inappropriate to single out certain countries/individuals for more "rigorous oversight."

2

ATTG-IT
SUBJECT: Management Comments on Evaluation Report on Training of Foreign Military Personnel, Phase II: School of the Americas

3. Comments on the draft evaluation report are as follows (items covered in paragraph 3 above are not repeated):

a. Recommendation A1: Concur. Revised MOA will include the role of the Commander, U.S. Army Infantry Center.

b. Recommendation A2: Per 8 Sep 97 discussion with DODIG representatives, the phrase "[TRADOC should] ensure that U.S. Southern Command provides formal concurrence with . . . the School of the Americas curriculum" should be changed to "[TRADOC should] request that U.S. Southern Command . . ." revised page 15

c. Recommendation B: Also IAW 8 Sep 97 discussion, " . . . assign U.S. officers proficient in the Spanish language . . . " should be changed to " . . . assign U.S. personnel . . . " revised page 15

d. Recommendations C2, C3, and C5: Concur, but suggest that these recommendations be combined into one recommendation addressing lesson plan review. We will formalize our review procedures to facilitate identification of lesson plans requiring updates.

e. Recommendation C4: A legal review of every lesson plan is impractical and should not be necessary. We will have a JAG officer review any lesson plan where there is a legal issue. revised page 22

f. Recommendation F: TRADOC will strengthen SOA's Evaluation Branch and ensure that it is headed by a U.S. citizen. Personnel constraints prevent us from staffing this office entirely with U.S. personnel, and we value contributions and perspective of foreign officers. They can give us insight into subtleties of different cultures and the appropriateness of the instruction. revised page 27

4. We appreciate the DODIG's candid and thorough evaluation.

William W. Hartzog

WILLIAM W. HARTZOG
General, U.S. Army
Commanding

CF:
Chief of Staff, USA, 200 Army Pentagon, Washington, D.C. 20310-0200

3

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
6000 DEFENSE PENTAGON
WASHINGTON, DC 20301-6000

September 15, 1997

MEMORANDUM FOR DEPUTY ASSISTANT INSPECTOR GENERAL FOR INTELLIGENCE REVIEW

SUBJECT: Evaluation Report on Training of Foreign Military Personnel, Phase II: School of the Americas

We appreciate the opportunity to review the Draft Evaluation Report. We are in concurrence with the Report's findings and recommendations. Although not a specific recommendation of the Phase II Report, the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (ASD(C3I)) continues to develop a DoD Directive on intelligence and counter-intelligence training for non-U.S. persons as recommended in the Phase I Report. The Directive development and coordination process is normally 8-12 months in length, suggesting an approximate completion date of April-May 1998.

If we can be of further assistance, please contact Capt Troy Thomas, USAF, at (703) 695-3617 (DSN 225-3617) or Dr. Carolyn Crooks at (703) 614-1400 (DSN 224-1400).

Cheryl J. Roby
Acting
Deputy Assistant Secretary of Defense
(Intelligence and Security)

Assistant Secretary of Defense (International Security Affairs) Comments

ASSISTANT SECRETARY OF DEFENSE

2400 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2400

INTERNATIONAL SECURITY AFFAIRS

MEMORANDUM FOR DEPUTY ASSISTANT INSPECTOR GENERAL (INTELLIGENCE REVIEW)

FROM Assistant Secretary of Defense for International Security Affairs 22 SEP 1997
(Prepared by: R. Novak, IA, 697-9301, 16 Sep 97)

SUBJECT: Evaluation report on Training of Foreign Military Personnel, Phase II: School of the Americas (Project No. 701-9009.01)

We have reviewed the draft report. Recommendation 1. under "Screening Foreign Instructors and Students" in Part VI - Related Issues, is directed at this office. We concur with the recommendation, with the following caveat: Many sanctions are caused by failure to repay U.S. Government loans on time. Sanctions of this nature need not require coordination of student or instructor assignments to the SoA. revised page 32

Most of the other recommendations made by the evaluators are technical in nature, requiring expertise in the areas addressed and outside the realm of this office. However, we believe recommendation F, in Part V, Administrative Issues, goes too far and would rob the School of the valuable insights a foreign instructor could provide. The desire to keep responsibility for conformity with doctrine and currency of training materials under U.S. control is commendable. However, a Latin perspective is important in ensuring that the desired points are, in fact, the ones made in the classroom. Someone with the proper cultural perspective and not just language capability is necessary to carry out this responsibility. Perhaps a U.S. Army officer could be assigned as OIC and a foreign instructor be retained in the evaluation branch. revised page 27

Team Members

This report was prepared by the Intelligence Operations Directorate, Office of the Assistant Inspector General for Policy and Oversight, DoD.

John V. Lewin
Norman Idleberg

UNCLASSIFIED

Trip Report - USARSA HR Instruction Week

PURPOSE.
To inform on the visit of J5-HR representatives to USARSA, Fort Benning

BACKGROUND
- SCJ5-HR reps traveled to Fort Benning Feb 8-11 to observe and evaluate USARSA's HR Instruction Week and to attend a HR Committee meeting as well

HR INSTRUCTION WEEK
- USARSA has instituted a full week of HR and International Humanitarian Law (IHL) instruction as a main component of its longest course, the 49 week Command and General Staff Course (CGSC)
  - ➢ This year the course has 60 students, primarily 0-4's
    - ⇒ 35 Latin American officers
    - ⇒ 25 U.S. officers
- HR Instruction Week forms the first week of subject matter instruction for this course, creating a background of knowledge in HR and IHL which students will apply to other topics studied later in the course and hopefully throughout their military careers as well
- HR instruction follows a comprehensive approach, integrating the following elements:
  - ➢ Ethical/moral
  - ➢ Legal
  - ➢ Operational
- An overview of the instructions is as follows:
  - ➢ Military Ethics and the Ethical Use of Force presented by Chaplain and USARSA Commandant
  - ➢ International Human Rights-Universal Declaration of Human Rights presented by USARSA JAG/HR Officer
  - ➢ International Humanitarian Law, also called International Law of Armed Conflict, presented by guest lecturer, ICRC Regional Delegate, Mr. Francois Senechaud
    - ⇒ IHL instruction consisted of lectures, videos and practical exercises worked in small groups
  - ➢ Lecture on developments in legal enforcement of internationally recognized human rights by guest speaker, International HR attorney, Mr. Steven Schneebaum
  - ➢ Visit to Andersonville, a concentration camp from the Civil War (SCJ5-HR reps had departed for Miami prior to this event on the last day of the HR Instruction Week
- Other course observers included two representatives from Center for International Policy, Capt. Lawrence Rockwood and Dr. Amelia Simpson, and from Habitat for Humanity International, Sister Betsy Van Deusen

OBSERVATIONS
- Structure of the course was comprehensive and effective, with a good mix of lecture, question and answers periods, and practical exercises
- High level of enthusiastic participation from the students, particularly the Latin American officers
  - ➢ Many demonstrated previous knowledge of the subject matter ∴
- Commandant effectively removed risk of U.S. being perceived as "preaching" by beginning instruction with discussion of the My Lai case
- Other course observers expressed their positive impression of the HR instruction
- SCJ5-HR recommendations to further improve HR Instruction Week:
  - ➢ Expand HR instruction to include the Inter-American Human Rights System-OAS, American Declaration of the Human Rights and Duties of Man, the Inter-American Commission of Human Rights, and the Inter-American Human Rights Court in San Jose, Costa Rica
  - ➢ Focus instruction and discussions more tightly on internationally recognized human rights such as extrajudicial killing, torture, forced disappearance, genocide, etc.
    - ⇒ These are the issues which will present most important challenge to students as professional military officers
  - ➢ Invite more representatives of NGOs, PVOs and IOs to observe instruction
  - ➢ Include time for observers to interact with the students in small groups or roundtable discussions

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USARSA HR COMMITTEE MEETING

Background

- The USARSA HR Committee meeting was held Thursday, 11 Feb 99. This committee meets quarterly to coordinate and evaluate USARSA HR program
- SCJ5-HR first attended USARSA HR Committee in Sep 97, and now has a permanent seat on the Committee
- COL Weidner, presided over the meeting

Attendees

- COL Weidner, USARSA Commandant
- Col Parker, Sub-Commandant (El Salvador)
- LTC Barreto, Chief of Staff
- LTC Harkins, Director of the Department for Joined Combined Operations (DJCO)
- LTC Sheppard, Chief, Civil-Military Operations Division
- MAJ Raimondo, JAG/HR Officer
- Maj Colon, Chaplain
- Maj Fiemayer, Public Affairs Office
- Dr. Ramsey, Resident Academician
- Mr. Joe Lener, Department of Training and Doctrine
- MAJ Stewart, SCWFO
- **Ms. Eva Wiegold, DoS-ARA, HR Officer**
- **Mr. Schneebaum, International HR attorney**
- Mrs. Bresnahan, J5-HR Coordinator
- Mrs. Borden, J5-HR Specialist

DISCUSSION

HR Instruction Program

- USARSA HR curriculum expanded
  - ➢ Comprehensive focus to include ethical/moral, legal and operational aspects
    - ⇒ Use of case studies (i.e., My Lai)
  - ➢ DoS rep suggested the use of case studies from AOR, such as El Mozote
    - ⇒ Commandant and Sub-Commandant (RS) expressed concern that this would create a defensive atmosphere in the classroom
    - ⇒ Will continue to evaluate the best method of instruction and consider this option
- Continue to increase dialogue with IOs, and invite NGOs to USARSA as observers
  - ➢ Such as OAS, IACHR, IIHR
  - ➢ HR NGOs such as AIUSA, WOLA
  - ➢ Commandant open to increasing dialogue between observers and students, by inviting them to speak and/or participate in small group discussions
    - ⇒ Care must be exercised to offer this opportunity to individuals who are objective, i.e. without a political agenda to close USARSA
- Initiative of inviting VIPs (regional/military experts, dignitaries, etc) to visit USARSA as guest speakers on HR, IHL, democracy, and civil-military relations
  - ⇒ Few funds available
- HR instruction in course curriculum
  - ➢ CGSC, 1 week of formal instruction
    - ⇒ HR is integrated into many aspects of instruction, which is difficult to quantify
    - ⇒ Instructors will attempt to quantify for reporting purposes
    - ⇒ Commandant open to the idea of having observers monitor other portions of the course (such as PKO, OOTW, CN) to assess integration of HR into overall course instruction
  - ➢ Remaining courses have 8 hours of instruction,
    - ⇒ Only exception is the Chilean Cadet Course, which has two weeks of duration and 4 hours of HR instruction
  - ➢ Advanced Course, which is 6 months in length, will accommodate a week-long HR Instruction Course
  - ➢ USARSA will provide schedule of HR instruction for each course to facilitate invited NGO observers throughout the year

Host Nation and Country Team Support for USARSA

- Incorporation of Guatemalan students into CGSC, Democratic Sustainment (E-IMET qualification), and Civil Military Operations courses
- GOG proposal to include a Guatemalan civilian observer in the CGSC was not considered feasible at this time
- USARSA accepts HR instructors from any country in LA, as long as they complete HR certification and instructor training at USARSA

Deputy Commandant Position

- Position normally rotates from country to country in alphabetical order

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- In a normal rotation, Guatemala would be the next country to fill the position (current Dep Commandant is from El Salvador)
- Because of political sensitivities, decision has been made not to invite Guatemala to send a Deputy Commandant at this time
- Will probably ask an Ecuadorian to fill the position: Ecuador did not provide a Deputy Commandant in the normal rotation before El Salvador

Distance Learning Initiative (DLI)
- Initiative to post HR instruction material on the Internet
- Will be used to offer instruction to USARSA students at Ft. Rucker
- May also be used for HR training within host countries
  - ➢ This would require training personnel in the MILGPRs to teach

USARSA HR Training Opportunities
- USARSA can provide HR instruction
  - ➢ As part of courses at USARSA
  - ➢ DLI (see above)
  - ➢ MTTs
    - ⇒ USARSA is glad to participate in such projects
    - ⇒ However, USARSA instructors have tight schedules and therefore will not often be available for travel
- HR Train the Trainer course
  - ➢ Excellent 2-week course which trains HR instructors
    - ⇒ Would help answer the need expressed by AOR militaries to increase HR instruction
  - ➢ Scheduled for April 98, but will have to cancel if no more students enroll
  - ➢ Currently one Argentine student projected

ICRC in HR Instruction
- ICRC currently participates actively in training USARSA students who attend the CGSC and PKO courses
  - ➢ Commandant wishes to expand ICRC participation in more HR training courses
  - ➢ ICRC wants to maintain a low profile

Amnesty International
- COL Weidner welcomes AI and other NGOs to visit USARSA and to act as observers in HR training sessions
  - ➢ To evaluate the content of the instruction and give feedback

Department of State position at USARSA
- Eva Weigold reported that the DoS slot at USARSA to head up the Civil-Military Relations Division has been approved
- The position will go up for bidding in the summer of 1999
- Will likely be filled in 2000

Board Of Visitors (BOV)
- COL Weidner reported that the new BOV is currently being formed
- It will consist of diplomatic, academic and military members
- Seven of nine members have agreed to serve, including Amb. Luigi Einaudi, Gen. (Ret.) Gorman, and Joanna Mendelsohn Forman
- He hopes to add a representative of the religious community as well as eventually an NGO rep
- The next BOV meeting is schedule for 10-12 May
- COL Weidner hopes that SC will be represented by either the CINC or the DCINC
- SCJ5-HR informed that the DCINC had issued an invitation to ICRC Director, Mr. Reto Meister, to attend as an observer
  - ➢ Mr. Meister accepted the invitation

Next HR Committee meeting
- Will be scheduled for May to coincide with the BOV

SCJ5-HR ACTION
- Work with SAOs to get students for the next HR Train the Trainers course
- Increase effort to get NGO and IO reps to USARSA to observe HR instruction

Date Prepared: 18 Feb 99
Mrs. Borden/Mrs. Bresnahan J5-HR
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AS OF 18 Feb 99

UNCLASSIFIED

TRIP REPORT – BOARD OF VISITORS OUTBRIEF– U.S. ARMY SCHOOL OF THE AMERICAS

BACKGROUND
Capt Wetzel, Deputy Director Pol-Mil and HR and Ms. Levy, SCJ5-HR attended the U.S. Army School of the Americas (USARSA) Board of Visitors (BOV) Outbrief on 16-17 July. Also attended the USARSA Change of Command Ceremony on 17 July.

- The 16-17 July meeting was to serve as a transition meeting between old and new BOV members. Army Regulation 15-1 requires the oversight committee to appoint new members every two years.

- Current BOV members present were:
  - Gen. (Ret) Paul Gorman
  - Gen. (Ret) Fred Woerner
  - Gen (Ret) Bill Richardson
  - Ambassador Edwin Corr (Chairman)
  - Dr. Johanna Mendelson-Foreman (USAID)
  - Mr. Steven Schneebaum (HR Attorney)
  - Col Trumble (Former USARSA Commandant)
  - Col Weidner (USARSA Commandant)
- Ambassador David Passage, a prospective new member of the USARSA BOV was present on 17 July.
- Gen. Hartzog (TRADOC Commander) and Gen. Ernst (Post Commander) were also present on 17 July.
- Nominations for new BOV members are currently being compiled.

SUMMARY
The following were the items of interest covered during the course of the meeting:

- **Distributed Learning Initiative**
  - Initiative to use internet (AmNet) as the tool to launch a long-distance, interactive web-based training program for countries throughout the AOR- (Phase I- Asynchronous Learning)
  - Proposal also includes Phase II- Synchronous Learning which would include one or two way video and sound transmission with countries down range
  - Phase II is much more costly than Phase I and would only be implemented if Phase I is successful
  - Booz Allen & Hamilton drafted a proposal with the technical specifics of implementing the pilot program (SEE TAB B)
    - Proposal indicates a $475,000 cost to set up the program. Would be operable in 6 months
  - USARSA was in contact with various MILGROUPs to identify which ones had an interest in synchronous training
  - Determined Chile and Argentina would be good candidates for trying out the Phase I aspect of the Distributive Learning Pilot Program
  - USARSA chose three courses to include in the Phase I pilot program
    - Introduction to Military Operations Other Than War
    - Leadership Counseling
    - Division Combat Support
  - These courses belong to the CGSC curriculum of instruction
  - BOV recommended SOUTHCOM TCA Funding for the initial (Phase I) implementation of the pilot program
  - Capt Wetzel highlighted CINCSO's support for using AmNet as a training tool

- **Re-Focusing SOUTHCOM AOR Needs**
  - USARSA is an essential vehicle for SOUTHCOM's Theater Engagement Plan
  - SOUTHCOM's AOR has changed in the last year to include English speaking nations of the Caribbean
  - USARSA should support this change by conducting certain English language courses to respond to needs of this region
  - USARSA and BOV were supportive of this idea

- Commandant Rating Scheme Issue
  - Currently the USARSA Commandant senior rater is the Commander of the Combined Arms Center in Ft. Leavenworth, KS
  - The commandant is not rated by anyone in SOUTHCOM or TRADOC
  - BOV moved to have the rating scheme re-structured, as the Commandant's responsibilities relate directly to both the TRADOC and SOUTCHOM missions

- Mission Focus Shift to Counter Drug (CD)
  - 43% of all courses are INL funded or CD-related
  - USARSA courses tailored to mesh with US foreign policy in LATAM(anti-communism rhetoric out...CD in)
  - Mr. Schneebaum expressed concern that CD courses include only the basic 4-hour core of human rights instruction
  - CD missions have HR implications that are not covered in the 4-hour block of instruction (i.e. treatment of detainees, etc.)
  - As School's focus shifts to more CD, the HR curriculum should be tailored to CD-missions

RECOMMENDATIONS

- Ensure proper coordination and information sharing between the MILGROUPs/USARSA and HQ USSOUTHCOM on all School-related matters

- Conduct a by-country assessment of technical capabilities and level of interest with regard to the Distributive Learning Initiative

- Support the Phase I portion of the Distributive Learning Initiative. Explore method of funding this initiative.

- Conduct an assessment of which courses would be most beneficial for English-speaking countries in the AOR

- Research all aspects related to the integration of English language courses into the USARSA curriculum

As of 17 July 98
Ms. Levy
SCJ5-HR
21 July 98

Trip Report – USARSA Human Rights Committee Meeting – 20 August

BACKGROUND

- The U.S. Army School of the Americas (USARSA) Human Rights (HR) Committee met on 20 August. The USARSA HR Committee meets quarterly to discuss internal USARSA issues.
- In Sep 97, SCJ5-HR first attended USARSA HR Committee.
- SCJ5-HR now has a permanent seat on the committee.
- DoS-ARA representative, Ms. Eva Wiegold, attended the 20 Aug meeting. This was the first time a DoS representative attended.
- Col Weidner, the new USARSA Commandant, presided over the meeting.

ATTENDEES

- Col Weidner, USARSA Commandant
- Col Parker, Sub-commandant (El Salvador)
- CPT Garcia, JAG/HR Officer
- Maj. Colon, Chaplain
- Dr. Ramsey, resident academician
- LTC Nunez-Rosa, Chief of Staff
- LTC Harkins, Director of the Department for Joined Combined Operations (DJCO) – NOTE: This is the department under which the HR program falls
- Mr. Joe Leuer, Department of Training and Doctrine
- Ms. Eva Wiegold, DoS-ARA, HR Officer
- Maj. Rivera, Battalion Executive Officer
- Ms. Levy, SCJ5-HR representative

EXPANDING COMMITTEE MEMBERSHIP

- COL Weidner proposed expanding the HR Committee membership to include the sub-commandant, Col Parker, from El Salvador
  - ➢ Col Parker has extensive training in International Humanitarian Law
  - ➢ Has assisted in conducting various HR classes

HOST NATION AND COUNTRY TEAM SUPPORT FOR USARSA

- Recent decision not to fill Guatemala's FY 99 student slots concerns COL Weidner
- DoS representative was not aware of the situation, but indicated she would look into it
  - ➢ During COL Weidner's visit to SC week of 31 Aug, POLAD indicated he will also investigate decision
  - ➢ GOG and Guatemalan Army want to continue sending students re: telcon with MLGRP GT on 1 Sep

DISTANCE LEARNING INITIATIVE

- Proposal was made to modify the core block of Human Rights Instruction for distance learning.
  - ➢ NOTE: SOUTHCOM has been involved in helping USARSA develop distance learning capabilities to export training material to countries down range
- Committee voted and agreed that the HR program was ideal due to its length.
- SOUTHCOM representative updated the committee on Command's position
  - ➢ CINCSO very supportive of the program
  - ➢ SOUTHCOM funds not available to support Phase I
  - ➢ SOUTHCOM prepared to assist USA find alternative funding source
  - ➢ Col Weidner stated that an important consideration would be the review and approval process –i.e. – who has access to take the course (vetting considerations etc.), and course content (ensuring it complies with policy and doctrine)
- Committee decided to wait until the program is closer to implementation to make these decisions

COLOMBIA HR INSTRUCTOR

- DoS and SOUTHCOM representatives raised concerns over School's idea to have a Colombian Officer become one of the School's HR instructors
- USARSA HR Officer explained invitation had already been extended to Colombian Officer

- Commandant explained that the individual in question had extensive HR experience
- He also emphasized that his real-world experience in the field would give him additional credibility in the classroom
- Commandant also pointed out that
  - ➢ CO officer would be one in a team of instructors
  - ➢ US officer has oversight of what is taught.
  - ➢ The CO instructor had undergone vetting, and should have no HR problems on his record
  - ➢ Lesson plans used are Army-approved
  - ➢ Committee discussed pros/cons and decided to take the chance and deal with negative PR/criticism that might result

ICRC INVOLVEMENT IN HR TRAINING

- ICRC currently participates in training USARSA students attending the Command and General Staff College (CGSC) and Peace Operations Courses
- ICRC has asked USARSA to keep their involvement "low key" (i.e.- no hype-low visibility)
- ICRC scheduled to visit School in August/September time frame to discuss future of the relationship
- USARSA HR Officer stated they would iron out how "public" to make the relationship.

AMNESTY INTERNATIONAL

- SCJ5-HR representative provided Committee with approved Course of Action (COA) to deal with Amnesty International (AIUSA's) decision to adopt a resolution calling for the closure of the School (SEE TAB A)
  - ➢ Text of CINC letter inviting AIUSA leadership to visit USARSA is currently in draft form and is being coocrdinated with SCJA and SCPA.
- Commandant's position is that the School welcomes AIUSA or any other NGO.
- DoS representative proposed Using Board of Visitor (BOV) members with influence in the HR Community.
  - ➢ USARSA HR Officer will contact two BOV members (Mr. Schneebaum-International HR Lawyer and Dr. Mendelson - USAID) to get their feedback/support in this matter

HR TRAINING

- Committee decided to expand the core block of HR instruction, which all students in all courses receive, from four to eight hours

RECOMMENDATIONS

- Proceed with approved Course of Action to engage AIUSA leadership and other NGOs
  - ➢ Coordinate with DoS-ARA to send out an endorsement for USARSA from DoS leadership
- SCJ5-HR coordinates with DoS to target HR NGOs to visit the School
  - ➢ Forward feedback, as appropriate, to AI International Secretariat
- SCJ5-HR coordinates with J3-Information Operations "Guru" (Mr. Meyers) to develop a strategy to improve School's image in down range countries. (i.e. Guatemala, Colombia)

As of 26 August 1998
Ms. Levy/Mrs. Bresnahan
SCJ5-HR
9 September 98

CLASSIFICATION:UNCLASSIFIED

TRIP REPORT – HUMAN RIGHTS INSTRUCTION AT USARSA

- Lt Col Frontaura attended the Human Rights and International Humanitarian Law (IHL) block of instruction for the (year-long) Command and General Staff Course (CGSC) at the US Army School of the Americas, 9-11 Mar 1998.
  - ➢ The USARSA JAG, CPT Garcia, covered the subject of human rights (HR)
  - ➢ The International Committee of the Red Cross (ICRC) taught, for the first time, the IHL block of instruction.
- Overall, instruction was very good and covered all the aspects of HR and IHL that are important and necessary for the CGSC students to know and learn.

HUMAN RIGHTS INSTRUCTION

- Facts:
  - ➢ Based on the UN Universal Declaration of Human Rights
  - ➢ Final objective: to identify the correct course of action given various circumstances when in a conflict.
  - ➢ One day of instruction
  - ➢ Approximately 25% of students indicated they had previously received HR education.
- Observations: As expected, subject aroused strong emotions and opinions.
  - ➢ Much discussion around "who can be charged with committing a HR violation?"
    - ⇨ Ans.: by definition, only agents of the state. Though guerrillas also violate HR they are charged based on the laws they break, not HR.
  - ➢ Other student comments:
    - ⇨ Worse stigma attached to HR violators than to terrorists—press/media influence.
    - ⇨ HR NGOs are anti-military/police
    - ⇨ Subversives use accusations of HR violations to undermine the armed forces.
  - ➢ Not enough time to cover all the material, some important aspects were not covered:
    - ⇨ Treatment of civilians.
    - ⇨ Legal vs. illegal orders.
    - ⇨ Military advantage to respecting HR.
    - ⇨ Rules of Engagement.
- Recommendations: (already given to USARSA JAG)
  - ➢ Take more time to cover the subject.
  - ➢ Be up-front as to why USARSA teaches HR
    - ⇒ History of abuses in the AOR
    - ⇒ USARSA under Congressional scrutiny
    - ⇒ Have to do it but also good to do it regardless of the cause
      - Respect for HR is a force multiplier
      - It is expected of professionals
      - Improves the quality of training—treatment of recruits
    - ⇒ HR has become more relevant given new roles for armed forces such as CD and PKO.
  - ➢ Include also the American Declaration of the Rights and Duties of Man of the OAS.
  - ➢ Address USSOUTHCOM's initiatives:
    - ⇨ HR Conferences (1996-1997)
    - ⇨ HR Seminars (1997-1998)
  - ➢ Other possible teaching tools:
    - ⇨ Present case studies for small group discussions.
    - ⇨ Debate with actual members of HR community (if too risky could be role-played by SCJ5-HR personnel.)

INTERNATIONAL HUMANITARIAN LAW INSTRUCTION

- Facts:
  - ➢ Based on the Geneva Conventions I-IV, Geneva Protocols I-II, and Hague Protocol.
  - ➢ Presented the role of the ICRC in times of conflict—international and internal.
  - ➢ Two days of instruction.
  - ➢ Background of instructors included experiences in Bosnia and Somalia as well as Latin America.
- Observations:
  - ➢ Instruction was thorough but became somewhat repetitive on the second day.
  - ➢ Excellent use of videos from other countries.
  - ➢ Distributed various printed materials.
  - ➢ Good mix of examples, not only Latin America.
  - ➢ Spent too much time on the role of the ICRC.

CLASSIFICATION: UNCLASSIFIED

- **IHL covers essential aspects of respect for human rights.**
- Also included basic principles of war: military necessity, proportionality, limits and humanity.

- Recommendations:
  - Continue to include the ICRC as instructors
  - Give less time to instruction and incorporate a training exercise (which the ICRC is prepared to do already.)
  - Consider teaching IHL first—logical to cover with armed forces—and use it as a stepping stone to introduce HR.

- **Overall recommendations:**
  - Continue to work with USARSA JAG on human rights instruction.
    - ⇨ Review material being taught.
    - ⇨ Discuss how to implement new approaches.
  - Request IIR instructional material from HR NGOs being used with armed forces (e.g., IIDH's in Guatemala.)
    - ⇨ Forward to USARSA JAG for incorporation into various courses.
  - Get students feedback—learn, adjust, and implement.
  - Send an SCJ5-HR person to attend the ICRC two week "Train the trainer" course to prepare instructors in IHL.
    - ⇨ Adds credibility to the division.
    - ⇨ Makes us better prepared to do assessments and recommendations for HR programs in the AOR.

13 March 1998
Lt Col Rafael Frontaura
SCJ5-HR
11 March 1998

RESOURCES/DOD

Question. How do you think the extent of foreign military training has affected readiness?

Answer. The regional CINCs consistently place training among their highest priorities to execute their regional engagement strategies. They often rely on foreign military training to ensure the highest possible level of military readiness.

Regional CINCs rely on Special Operations Forces (SOF) to provide unconventional military options for a wide variety of in-theater missions. In turn, the CINCs use foreign military training—whether Joint Combined Exchange Training (JCET), humanitarian demining training and counterdrug training—to sharpen critical SOF Mission Essential Task List skills, both at the unit and Joint levels. U.S. forces involved in these programs enhance their foreign language and instruction skills, expand their knowledge of foreign environments and cultures, hone their combat and combat support skills, and improve U.S. access to key foreign military personnel and support facilities. Foreign military training programs contribute directly to a CINC's strategic goals of shaping the regional security environment and building a capacity to respond effectively should there be a threat to American interests in this area of responsibility.

Question. What is the rational for DoD funding of this vast foreign training?

Answer. The DoD budget funded only a small portion of the total training costs borne by the United States that are included in the Military Training Report. Of the over 52,000 activities listed in the Report, less than three percent fell under DoD authorities, including activities executed under drawdown authorities which are funded by DoD. The remaining 97 percent fell under security assistance mechanisms (e.g., IMET, FMS). Of the $809 million in total training, IMET grants accounted for about six percent and DoD authorities for about seven percent, or $57 million. The balance, and by far the vast majority, was provided through the Foreign Military Sales system, with financing from various sources including host nation funds, Foreign Military Financing (FMF) grants, FMF loans, and International Narcotics and Law Enforcement (INL) funds.

DoD-funded training provides the United States a high return on its investment. In FY 1998, about $12.4 million funded Joint Combined Exchange Training (JCET) activities conducted by Special Operations Forces (SOF) under 10 U.S.C. 2011 authorities. The JCET program produces superbly trained and highly qualified SOF who can implement critical aspects of the CINCs' theater engagement strategies and promote U.S. national security interests. The DoD-funded counterdrug program develops host nation forces' capabilities to engage actively in the counterdrug campaign. The humanitarian demining program develops host nation capabilities to manage national demining centers, to locate and destroy landmines, and to develop public information programs that promote mine awareness.

SCHOOL OF THE AMERICAS

Question. In the aftermath of the discovery of manuals used at the School of the Americas, the DoD committed to improve the oversight of the curriculum by issuing a directive on training programs meeting human rights standards. Has that directive been issued? Provide a copy of the directive for the record.

Answer. DoD took immediate corrective action when we discovered in 1991 that six instructional manuals the School of the Americas was using contained 24 inappropriate statements. All of the manuals were destroyed, with the exception of one set, which was set to the DoD General Counsel's Office.

The School's Commandant has made promoting human rights awareness a critical foundation of the School's mission. The School's formal mission statement reads: "Provide doctrinally sound, relevant military education and training to the nations of Latin America, promote democratic values and respect for human rights and foster cooperation among multinational military forces." Eight hours of human rights training is mandatory for each student attending the School.

Numerous internal and external reviews and inspections of the School of the Americas have consistently noted a measurable improvement in the School's awareness of and instruction in human rights. Several organizations have provided oversight of the School's training materials including the United States Army Infantry Center, the General Accounting Office, the DoD Inspector General, the Department of the Army Inspector General, the United States Army Training and Doctrine Command, and U.S. Southern Command.

In light of the measures taken, no formal DoD directive on training programs meeting human rights standards was required or issued, but DoD did issue a policy memorandum requiring that all intelligence and counterintelligence instruction of

foreign nationals be consistent with that given to U.S. military service members. This policy has been fully implemented at the School.

Furthermore, the Secretary of Defense annually certifies that instruction and training provided by the School of the Americas is fully consistent with the training and doctrine imparted by DoD institutions whose primary purpose is to train U.S. military personnel. This pertains, in particular, to the observance of human rights.

Question. What steps have been taken to ensure that all curriculum developers and instructors are aware of the directive and are complying with it?

Answer. The School of the Americas is actively committed to continued improvement in its human rights instruction. The School's Commandant has made promoting human rights awareness a critical foundation of the School's mission. The School's formal mission statement reads: "Provide doctrinally sound, relevant military education and training to the nations of Latin America, promote democratic values and respect for human rights and foster cooperation among multinational military forces."

All courses taught at the School must include a human rights awareness component. Each course description that appears in the School's catalog highlights human rights issues. Every instructor receives a mandatory sixteen-hour block of human rights instruction as part of the Instructor Training Course mandated by the U.S. Army Training and Doctrine Command. The latest annual training guidance, issued by the School's Commandant in June 1998, explicitly states one of the School's six goals is to "Continue development of our Human Rights Training Program and be recognized as the premier Human Rights training institution in DoD."

Question. Which IMET courses beyond expanded IMET contain a human rights and/or civil military relations component?

Answer. Per se, there is no such thing as an IMET course. IMET is a source of funding used to support the costs of training international students in a wide variety of DoD-sponsored courses. With few exceptions, almost all courses available to U.S. military students and over 100 courses under expanded IMET (E–IMET) are available through IMET funding. These courses of instruction fall into three broad categories:

1. *Professional Military Education* includes command an staff colleges, postgraduate education and other instruction directed toward senior officers and mangers. Almost all of these courses include education in human rights and or civil-military relations.

2. *English language training* is designed to ensure students achieve prescribed levels of English proficiency needed to complete their follow-up courses successfully. Topics of human rights and civil-military relations are used throughout the English language curricula.

3. *Traditional military training* encompasses technical or general skills, but does not include specific training in human rights or civil-military relations. (Note: this category of training composes only about 25% of IMET-funded programs.) These students are exposed to U.S. values in human rights and civil-military relations through the Informational Program.

The Informational Program (IP), a key component of the international student's experience in the United States, encompasses a variety of activities designed to enhance awareness and functional understanding of human rights and the American democratic way of life. This program is available to all international students and can be financed through IMET, FMF, or country national funds.

The IP is designed to ensure that international students return to their homelands with an understanding of the responsibilities governments, militaries and citizens have to protect, preserve, and respect the rights of every individual. IP activities can be powerful tools for presenting U.S. institutional values to international students. DSCA continues to work with the security assistance training community to update and focus IP activities.

International Military Student Officers (IMSOs) must arrange activities and events for international students that clearly support at least one of the following areas of concentration. (1) internationally recognized human rights, as outlined in the Universal Declaration on Human Rights; (2) the democratic ideals of an elected government and effective civil-military relations; (3) the roles and interrelationships of a culturally, ethnically, economically, and socially diverse population in a democratic society; and (4) the role of the U.S. free enterprise system in a democratic society.

IMSOs arrange events that involve contact with a diversity of groups that contribute to a vibrant civil society. These include various groups such as civil rights, environmental preservation, citizen tax review, anti-war and other organizations. Visits to and briefings by these and other non-governmental organizations emphasize how accountability in a democracy serves to preserve the human rights and

other freedoms of each citizen. IMSOs are required to complete assessment reports for all IP events and to ensure that all students complete evaluation forms. These forms are maintained on file.

Question. Provide an assessment of the performance of School of Americas graduates during 1997 and 1998.

Answer. The U.S. Army School of the Americas graduated 946 foreign and U.S. military students in 1997 and 778 students in 1998. These graduates represented the following countries: Argentina, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Paraguay, Peru, Uruguay, the United States, and Venezuela. Course offerings in 1997 and 1998 included the following Expanded IMET courses: command and general staff officer course, civil-military operations, and resource management. Other course offerings included peace operations, counterdrug operations, medical assistance, countermine operations, cadet leadership development engineer, cadet leadership development logistics, battle staff operations, joint operations, and NCO development.

The U.S. does not "track" foreign personnel after completing their U.S. training. Formal tracking of graduates would be logistically complex and costly—and perhaps impossible. The U.S., in all our training activities could graduate over 30,000 foreign students in any given year. Moreover, it is doubtful we could obtain the information necessary for career-long tracking from foreign citizens who have no continuing formal association with the U.S. government. Even if it were feasible to collect this type of information, we do not believe it would be worth the huge administrative burden, which would fall most heavily on already stretched embassy staffs.

We do have some information about certain "alumni" who have established and maintained informal relationships with U.S. personnel. Graduates who have done well, often rising to very high positions in their governments, frequently credit U.S. training as a key element in their career development. Examples from Latin America include the Minister of Defense of Venezuela; the Minister of National Defense of Ecuador; and the Commander in Chief of the Armed Forces of Honduras.

There are sometimes reports of foreign officers charged with gross violations of human rights or other misconduct who have attended U.S. training at some point in their careers. We correctly condemn these individuals, but their misconduct must not cast doubt on all recipients who have received or may receive similar U.S. training.

Question. Were any graduates implicated in human rights abuses during that time (1997 and 1998)? Provide the details of the violations or alleged violations for the record.

Answer. The Department of Defense is not aware of any 1997 and 1998 graduate from the U.S. Army School of the Americas who has been implicated in human rights abuses.

Question. Describe how many students were enrolled in the Human Rights Train the Trainer course in 1998, and plans to offer it in 1999.

Answer. In fiscal year 1998, the U.S. Army School of the Americas did not have any students who took the Human Rights Train the Trainer Qualification course. This same course has been made available to Latin American countries for fiscal year 1999, but there are currently no students scheduled for enrollment at this time.

Question. What kind of ongoing, external oversight of the SOA curriculum is exercised beyond that done by the Board of Visitors? Provide for the record any recent relevant report by the Board of Visitors, and reports from any other external oversight body.

Answer. Department of Defense and Department of the Army Inspectors General have recently conducted detailed inspections of the School. The DoD Inspector General conducted two inspections in 1997, while the Army Inspector General conducted a follow-up inspection in 1998. Results of these inspections point to a consistent improvement in human rights training and instructional oversight. Additionally, the United States Southern Command's (USSOUTHCOM) Human Rights Office has made numerous visits to the School of the Americas to evaluate whether its human rights training meets required standards, as well as to suggest improvements and enhancements to the training. Also, representatives for the Human Rights Office attend the School's quarterly Human Rights Committee meetings to offer insight on curriculum content and focus. A curriculum review team for USSOUTHCOM will again visit the School in mid-April for a top-to-bottom review of the curriculum. A copy of the DoD Inspector General's Report and inspection reports for the USSOUTHCOM Human Rights Office are attached for the record; the interim Army Inspector General's report will soon be available for final release.

QUESTIONS FOR THE RECORD SUBMITTED BY MRS. LOWEY

ISRAEL

Question. The U.S. has a vital national security interest in keeping Israel stable and secure, and our military assistance to Israel helps achieve that goal. In fact, the benefits of our military assistance to Israel stretch far beyond the borders of that country. Could you discuss how critical this aid is to the stability of the entire region?

Answer. Providing Foreign Military Financing (FMF), not only to Israel but also to Egypt and Jordan who have concluded peace treaties with Israel, serves to build security, deter aggression, enhance stability and set a strong example of the fruits of peace. Our military assistance and R&D aid contributes directly to the development of advanced defensive systems such as the ARROW ATBM and various counter-terrorism systems, which contribute to regional stability in the face of possible Weapons of Mass Destruction (WMD) aggression and terrorist acts.

JORDAN

Question. How has our military assistance helped Jordan in this capacity and how will the increase in military assistance requested in the Administration's supplemental and regular FY 2000 proposals further our goal of ensuring a stable and secure Jordan?

Answer. Our military assistance to Jordan since the 1994 peace treaty with Israel has consisted of two major components—Foreign Military Financing (FMF) and DoD drawdown. FMF from 1996 through 1999 was dedicated principally to the procurement of an F–16 squadron (16 aircraft), representing a major step in modernization of the Jordanian Armed Forces and Jordan's largest procurement in nearly two decades. Beginning with the supplemental request for Jordan in FY99 (which includes $50M in FMF), we are working with Jordan to sustain and selectively modernize its aging inventory of U.S.-origin military equipment. Jordan has recently developed a five-year procurement plan that has been carefully coordinated with the Department of Defense to maximize both the utility of U.S. aid and the readiness of the Jordanian military. The Jordanian plan is largely focused on upgrades in anti-armor, ground mobility, and air defense. Although Jordan's overall defense needs exceed what we expect to provide, we are confident that our projected aid, if appropriated, will address the most critical needs and will give Jordan a more capable deterrent against aggression from Syria or Iraq.

DoD also has been directed to conduct three drawdowns of equipment for Jordan ($100M in FY 96, $25M in FY 98, and $25M in FY 99). Although drawdowns were initially a useful tool, the decline in DoD stocks has severely restricted our ability to conduct further drawdowns without impacting readiness. Additionally, drawdown equipment is typically old and in poor condition; the burdens of maintaining it often outweigh the benefits of having it. In short, DoD prefers not to conduct another drawdown for Jordan after FY 99 and considers FMF as the most efficient means of assistance.

EGYPT

Question. Can you please update us on the proposal to create an interest bearing account and provide some rationale for it?

Answer. The Department of State, in conjunction with DSCA, drafted language for Title III of the FY00 Foreign Operations, Export Financing, and Related Programs Appropriations Act, which has been included in the President's FY00 Budget submission to Congress. This language authorizes the disbursement of up to $470 million of the total Foreign Military Financing funds made available to Egypt under this Act within 30 days of enactment of the Act or by October 31, whichever is later. The $470 million represents the amount of funds required to be on deposit to pay DOD contractors in the event of program termination. Termination liability was chosen as the benchmark because these funds are required to be on deposit should termination occur; but they are not needed for disbursement unless termination does occur.

The IBA would be established, in the same manner as it is for Israel, with the Federal Reserve Bank investing in non-marketable foreign securities. Use of non-marketable foreign securities has no impact on the U.S. Treasury balance. Interest will be paid to the Government of Egypt interest-bearing account based on the amount of principal placed in the account. Current estimates indicate that interest earned would be $24 million per annum based on a principal of $470 million.

The IBA will provide more program flexibility since the interest earned will be treated, subject to certain limitations, as Egyptian national funds. Currently, law

and policy restrict the use of Foreign Military Financing (FMF) for specific purposes. Interest funds, while tightly controlled by the USG when earned with an FMF investment, will allow under limited circumstances for the funding of defense items with non-U.S. content; defense items for which DOD has no U.S. procurement source; the lease of defense articles; and defense items that would normally require an Arms Export Control Act (AECA) Section 42c determination. Because the interest funds are earned with an FMF investment and the use of FMF is restricted to specific purposes, the interest earned should only be used for the above specified defense purposes.

The Administration strongly supports this proposal. Creation of an interest bearing account will accommodate our important strategic partner in light of the proposed decreases in Economic Support Funds and the increase in FMF for other countries in the region (mainly Israel). This proposal will help maintain some funding parity among our partners in the region.

Question. I know that the state of Egypt's economy is out of your area of expertise, but I think it would be helpful for use to have an analysis of Egypt's economic needs vs. its military needs.

Answer. Egypt's macroeconomic indicators have shown marked improvement since the early 1990s. Last year, Egypt enjoyed a GDP growth in excess of 5%, compared with 0.5% in 1992. Fiscal and monetary discipline reduced annual inflation to 4% from 20% in 1991 and built up Egypt's foreign exchange reserves to $20 billion—about 10 months of goods and services import coverage. In addition, Cairo trimmed its budget deficit from nearly 20% of GDP in 1991 to less than 1% currently, but fiscal pressures will make this rate difficult to maintain. Despite these generally positive signals, Cairo has been slow to make the market-based reforms necessary to sustain future growth. More far-reaching and consistent economic policy reforms would appear to be necessary to attract foreign investment at levels that are sufficient to provide jobs for Egypt's rapidly growing labor force.

As with many developing countries, Egypt's military plays a role not only in defense of Egypt's border but also in providing internal stability that allows for steady progress of economic and social development. This stabilizing influence has been further enhanced as personnel in the Egyptian Armed Forces have gained increased exposure to U.S. culture and democratic ideals through training and interaction with U.S. military and civilians resulting from Egypt's replacement of its Soviet-era equipment with modern Western, primarily U.S., equipment.

Considering the total picture, our analysis is that diversion of Egypt's military aid to economic aid would have little direct impact on accelerating Egypt's economic development, which will depend on Cairo undertaking additional market-based reforms. Such diversion, however, would undermine its essential military modernization and thereby the internal and regional stability upon which economic development is so dependent.

Question. Perhaps you can let us know what increased military threat Egypt is facing that justifies this request.

Answer. Egypt continues to face a security threat from Libya to its west and Sudan to its south. However, the Administration's support for creating an Egyptian interest bearing account does not hinge solely on our concern about an increased military threat. Rather, an interest bearing account would be a modest symbol of U.S. commitment to Egypt's military modernization and recognition of the important role Egypt plays in our military strategy in the Middle East and as a strong and consistent advocate of peace and stability in the region.

MILITARY TRAINING REPORT/JCET

Question. Can you justify your decision to classify the JCET section?

Answer. The Special Operations Commands provided the JCET information in classified form to the Office of the Secretary of Defense. In our effort to deliver the report to Congress in a reasonably timely fashion, we did not have sufficient time to complete a declassification review.

Subsequently, during the 23 March hearing on the Military Training Report, Under Secretary of Defense for Policy Walter B. Slocombe provided the House Appropriations Subcommittee on Foreign Operations the JCET information in an unclassified form for all of the FY98 and first quarter FY99. Copies of the unclassified JCET information were subsequently delivered to all other original recipients of the Training Report.

LATIN AMERICA

Question. Can you update us on the status of our policy with regard to arms sales to Latin America?

Answer. Our policy for Latin America is consistent with U.S. policy toward the rest of the world. In making case-by-case decisions on arms transfers, our policy takes into account our overall goals of restraint, strengthening democracy and civilian control of the military, avoiding arms races and maintaining regional stability, as well as the economic impact of any transfer and encouraging a focus on economic and social development.

Some Latin American countries are addressing the need to modernize their militaries, including institutions, strategies, force structures, and replacement of obsolescing equipment. We have encouraged democracies to professionalize their armed forces and engage in long-term defense planning. Many currently have obsolete equipment that is difficult and expensive to maintain, and must be replaced in the near future. These modernization efforts enable militaries to meet the requirements of changing missions within limited budgets and reinforce the democratization process. The trend in security relations between Latin American countries is toward greater cooperation, not competition, and our ability to work with them on security matters has facilitated this trend.

A significant goal of our policy is to ensure that defense modernization occurs within reasonable economic constraints and with restraint. As countries continue to review their budgets, missions, and requirements, we are willing to work with them to meet legitimate defense requirements, as we do for friends and allies worldwide.

We have seen no significant increase in requests from the Latin American countries since we normalized our policy toward them, even prior to the economic downturn. This region of the world has historically spent less than other regions on its defensive needs, and we expect this will continue to be the case, even with an improved economy. The major sales of advanced weaponry currently pending in the region are the possible sale of fighter aircraft to Chile and Brazil. The Government of Chile is considering U.S. F–16 and F/A–18 fighter aircraft, the Swedish Grippen, and the French Mirage. Brazil, while not as far along in the process of replacing its antiquated fighter aircraft, has requested technical data on the F–16 and F/A–18. Argentina's modernization program has been very modest and has consisted primarily of U.S.-origin Excess Defense Articles and used A–4s purchased from the United States.

TUESDAY, MARCH 23, 1999.

MILITARY TRAINING REPORT

WITNESSES

WALTER B. SLOCOMBE, UNDER SECRETARY OF DEFENSE FOR POLICY
ERIC D. NEWSOM, ASSISTANT SECRETARY OF STATE FOR POLITICAL-MILITARY AFFAIRS

CHAIRMAN CALLAHAN'S OPENING STATEMENT

Mr. CALLAHAN. Thank you. This afternoon we are holding a hearing on foreign military training. The focus of the hearing will be the four-volume report issued to the committee on March the 5th, by the administration, pursuant to Section 581 of our 1999 Foreign Operations Act. The report also included a classified annex.

The report includes training that was conducted by the Department of Defense during fiscal year 1998 and training proposed for fiscal year 1999. It specifies 51,000 unclassified training activities and 555 classified activities. The total dollar value of this training approaches $1 billion, but most of the training described in the report is provided as part of foreign military sales or FMS purchased by foreign Governments.

These Governments use their own funds, in many cases, to purchase goods and services from American companies. The U.S. Government acts as their agent for these military sales and associated training activities. Less than $50 million consists of funds appropriated for the IMET program. The remaining 3 percent of the $1 billion consists of training appropriated through the Defense Subcommittee. The military training under the jurisdiction of our subcommittee is authorized in the Foreign Assistance Act and the Arms Export Control Act.

Similarly, it is my understanding that military training performed by DOD, using funds appropriated by the Defense Subcommittee, is authorized, in part, by Title X of the United States Code. Specifically, training by special operation forces, the so-called JCETs program, is authorized by Section 2011 of Title X.

As recently as October 17, 1998, the authority for such training was modified by the Congress through the Armed Services Committee. This law also requires an annual report on training by special forces. I am interested in ensuring proper oversight over the foreign military training funded through this subcommittee, and that is why I agreed to include Mrs. Pelosi's amendment on training in the 1999 Appropriation Bill.

However, military training funded through the Defense Subcommittee and authorized by the Armed Services Committee, is the responsibility of those committees. Our subcommittee is the proper venue for reviewing the programs and activities under our jurisdic-

tion, but I believe we have plenty to do without trying to manage programs over which we have no funding control.

Today, we are pleased to have Walt Slocombe, under secretary of Defense for Policy, and Eric Newsom, assistant secretary of State for Political-Military Affairs, and we welcome both of you. I urge you to summarize your statements so members may have the opportunity to ask questions.

We will now see if Mrs. Pelosi has an opening statement.

MS. PELOSI'S OPENING STATEMENT

Ms. PELOSI. I do, Mr. Chairman. Thank you very much. I want to begin by thanking you, Mr. Callahan, for agreeing to hold this hearing on military training. We have invited our colleagues from the Defense Subcommittee to the hearing, and I do not know if they are coming. I talked to Chairman Lewis earlier. He might be here, and I do not know about Mr. Murtha. But I know Mr. Lewis has Intelligence Committee business right now, as do I.

It is my hope that we can focus our discussion today on the process by which Congress, and particularly this subcommittee, is informed of decisions involving military training, which have clear foreign policy implications.

I want to join you in welcoming our witnesses, Mr. Chairman, Secretary Slocombe, Under Secretary of Defense for Policy, and Secretary Newsom, the Assistant Secretary of State for Political-Military Affairs. Welcome, gentlemen.

The issue of military training was discussed at some length recently at our security assistance hearing. Because our witnesses today are different witnesses, I want to make some of the points I made then and take the discussion into further detail.

There is no doubt that the Defense Department has the authority to conduct foreign military training with their own funds. The theoretical justification for these authorities is that the training activity benefits U.S. military readiness. Mr. Slocombe's prepared statement also recognizes that, "Engaging foreign military establishments through a variety of training programs strongly supports U.S. national security and foreign policy interests."

The reality is that the growth in the breadth and scope of these activities has made military training a foreign policy tool. Congress does have input and has acted in the past in the instance of, for example, the School of the Americas, to prohibit or restrict foreign military training. It is the other forms of training into which Congress has little or no input about which I am concerned.

The report, recently submitted, indicates that $800 million has been spent by DOD during the period covered by the report on 52,000—you referenced this, Mr. Chairman—different training activities. Of that amount, only $100 million spent for the IMET program has come under the direct review of this subcommittee. Although DOD has indicated that the vast majority of the remaining $700 million is funded through FMS or commercial means and that the majority of training deployments do not affect OP TEMPO, it is impossible to distinguish from the information contained in the report.

The real issue for us today is whether Congress is adequately informed of DOD's decisions to deploy U.S. forces in training situa-

tions with clear foreign policy impacts. The reports submitted to Congress about those training activities are all structured as after-the-fact reporting of training deployments that have already taken place. In addition, the requirements imposed by the Defense Authorization Bill, as far as I know—correct me if this is not correct—only require internal DOD and State approval in JCET deployments.

I intend, today, to discuss with you the appropriate role Congress should play in deciding on the scope and purpose of these deployments in cases where there are clear foreign policy implications. With all due respect to our colleagues on the Armed Services Committee, and I am glad to see our colleague, Mr. Lewis, from the Defense Appropriations Subcommittee, I believe Congress should be given enough information about these deployments before they take place so the rationale and judgments about their foreign policy implications can be made.

There are obvious and clear benefits that our Special Forces derive from these deployments. Their job is to be ready to respond to the full spectrum of crises that face them in an uncertain future. However, when those training activities overlap with foreign policy, Congress, and this subcommittee specifically, has a right to be fully informed and consulted. I intend to pursue these issues in my questions and to use specific country examples to illustrate the dilemma which I have outlined. I look forward and, again, welcome our distinguished witnesses today.

Thank you, Mr. Chairman.

Mr. CALLAHAN. Thank you. Chairman Lewis is a member of our subcommittee, but he is also chairman of the Defense Appropriations Subcommittee. As a result, Jerry, since most of the areas that we are talking about today include more of your monies than ours here on Foreign Operations, we welcome you to give an opening statement before we hear from the Secretaries.

Mr. LEWIS. Thank you, Mr. Chairman. I do not have an opening statement. I just might mention, however, that it has been a while since I have really focused upon these issues in-depth. But something like 90 percent of the actual expenditures for such training is associated with foreign military sales, and that is a very, very significant item. Within the remaining 10 percent, a significant piece of the remainder falls in my bill.

But as we move forward to questions, I will be pleased to be able to participate.

Mr. CALLAHAN. Thank you.

Ms. PELOSI. Mr. Chairman, if I may?

Mr. CALLAHAN. Yes?

Ms. PELOSI. Was there some constraint on time for our witnesses?

Mr. CALLAHAN. I understand they have 9 meetings they have to go to——

Mr. NEWSOM. Not me, but——

Ms. PELOSI. I just wanted our colleagues to know that.

Mr. CALLAHAN. Mr. Slocombe.

MR. SLOCOMBE'S OPENING STATEMENT

Mr. SLOCOMBE. Thank you, Mr. Chairman, Mrs. Pelosi, Mr. Lewis.

I appreciate the opportunity to be here, and I apologize that because of the situation in Kosovo, which is coming to a head, there is a 4 o'clock White House meeting. I have got to get back to the building to be in a secure teleconference. Bob Keltz, who is the deputy director of the Defense Security Cooperation Agency, will be here and is fully informed as to all of these issues.

I have a couple of, so-to-speak, administrative points. First of all, we were asked to reproduce the Military Training Report in a CD-ROM version. And while I doubt if it will get an award for the best record of the year, it is available here today.

Ms. PELOSI. Thank you.

Mr. SLOCOMBE. Second, there was a question about classification. The "S.O.F." community tends to classify all of its activities, and we asked them to review the material for the S.O.F.-run programs which have already happened. That information has all been declassified, so that the fiscal year 1998 and the first quarter of fiscal year 1999 material has been declassified, and that is available here today.

I just want to make one point about the scale of activities here. As I think you said, Mr. Chairman, the total cost of training in the reports, if you add up all of the activities, is just over $800 million. Because of combining fiscal year 1998 and the first quarter of fiscal year 1999, which is already completed, and three-quarters of fiscal year 1999, which is still prospective, that total number, in spite of being in, I think, nine significant figures in the calculations, is very much an approximation because the programs are still ongoing.

So if you take those numbers, the great majority of it, as you said, Mr. Lewis, well over 90 percent, comes through either IMET or the Foreign Military Sales program or States' International Narcotics program, all of which is through the money appropriated in the 150 account.

It is also, I think, significant that the great majority—since we submitted the statement, we actually were able to run the numbers more accurately: I said 75 percent in the statement to be safe, but it turns out to be 87 percent—is accounted for by NATO countries, by our Gulf Cooperation Council partners in the Gulf, by our Middle East peace process partners—Egypt, Israel and Jordan—and by traditional allies like Japan, the Republic of Korea, the Philippines, Singapore, Taiwan, and Thailand. And that accounts for 87 percent of the total dollars attributed in the report.

In the statement I go through the rationale for these activities and answer some specific questions. I want to make one additional point, which actually came to our attention in the course of doing the S.O.F. declassification, which is that, by administrative error, the Africa Crisis Response Initiative activities were inadvertently omitted. We have the data in electronic form, and we are formatting it. We will have it for the subcommittee by the end of the week.

Just to summarize, our foreign military training programs serve our national policy. They are closely coordinated with the State De-

partment and with the relevant U.S. embassies. We comply with all requirements and statutes, and we do our best to follow less formal guidance on congressional intent, as contained in legislative history and other sources.

If an activity occurs, that is contrary to law or contrary to policy, we do our best to identify the problem and fix it as rapidly as possible. We are not attempting to evade any laws with respect to the training of foreign military forces. On the contrary, we deal with these issues in our reports to the Congress, with respect to the congressional oversight function, both through the two appropriations subcommittees and through the authorizing committees.

We are happy to provide additional information, as requested, to increase confidence in the transparency of our activities. And consistent with normal security practices, we will provide that in unclassified form wherever possible.

I just want to repeat the point that the underlying training in the engagement programs, which are reported in these four thick volumes, are very important to our military, our foreign policy and our national security interests. The dissolution of the Soviet Union and the Soviet Empire in Central and Eastern Europe, democratic reforms in Central and South America, as well as in Southern Africa, have provided opportunities for which we waited for decades. In these and other regions, we want the military establishments to be forces for stability at home and potential coalition partners with us abroad.

The activities described in the report represent a major investment toward those objectives. It is an investment that the subcommittee is familiar with because the great bulk of it comes through activities within the jurisdiction of this subcommittee, and it is an investment, particularly with respect to IMET and FMF, for which we recognize and appreciate this subcommittee's support. It is an investment we think pays off well now and in the future, and I look forward to the opportunity to answer specific questions.

My full statement, I assume, will be included in the record.

[The information follows:]

Prepared Statement of
Under Secretary of Defense for Policy Walter B. Slocombe
Before the
Subcommittee on Foreign Operations, Export Financing and Related Programs
House of Representatives Committee on Appropriations

Hearing on Foreign Military Training
March 23, 1999

Mr. Chairman, Representative Pelosi, members of the subcommittee, it is, as always, an honor to represent the Department of Defense before this subcommittee. I and my colleagues are here today to discuss foreign military training and the report submitted pursuant to section 581 of the Foreign Operations, Export Financing and Related Programs Appropriations Act for fiscal year 1999. As you know, the Departments of State and Defense briefed the contents of the report and discussed it with your staff as part of its delivery on Friday, March 5, 1999. The subcommittee addressed the report with State and DoD representatives during the 11 March hearing on fiscal year 2000 security assistance programs. I welcome the additional opportunity to address your questions in further detail today. I also wish to express my regret that due to a scheduling conflict I was not able to attend the annual security assistance hearing on March 11, but I know DoD was well-represented by my Principal Deputy, Jim Bodner.

Training Foreign Militaries: A Key Element of National Security Policy

Mr. Chairman, some members of Congress and some in the press have raised concerns about certain types of military training activities. Questions past and present deserve answers, and I am committed to providing all relevant information in that regard to you and your colleagues. However, before turning to specific concerns, it is right to focus why successive administrations and our nation's military leaders have put such a high priority on military-to-military contacts around the world, including training.

Mr. Chairman, this report is titled "Foreign Military Training," but it might just as well be described as "Measures Critical for U.S. Foreign and Security Interests." We train foreign militaries, not from the vague ulterior motive sometimes attributed to us or out of any sense of international altruism, but because it serves our national security interests. The great bulk of the total (over 75%) is training for NATO allies, other traditional allies like Japan and Israel, and our Gulf coalition and Middle East Peace Process partners. This training, of course, directly supports our military goals of increased military capability of our allies and partners and greater interoperability with US forces.

In addition, the transformation of the world over the past decade has opened new opportunities. The disintegration of the USSR left the former communist militaries without Soviet "supervision." Not only in the former Communist world, but also in many other places, militaries now work for democratically elected, civilian governments for the first time in memory. And in non-democratic societies, the military forces remain major factors on the scene. They have an opportunity to

professionalize and perform strictly military tasks, as opposed to abusing their power, either domestically or internationally.

Almost everywhere, foreign militaries are looking to the United States and its military services for leadership, for support, and for advice. It is self-evident that, when the armed services of an emerging democracy want to learn from the US military, it is in U.S. interests to be responsive. It may be less obvious, but it is no less important, that when military forces in a non-democratic society make the same request, it is usually also in U.S. interests to be responsive – albeit with very careful oversight.

Around the world, countries consistently request training on the basic elements of military organization: defense resource management, financial controls, headquarters and medical unit organization and other support, equipment maintenance, and the like. Both by Administration policy and by Congressional directive, we seek to ensure that these countries also receive instruction in professionalization of militaries, civilian oversight and human rights. We believe that contact with U.S. military personnel involved in training of foreign militaries is itself an important, if intangible , part of the process. A key component of most training, especially IMET, is exposure to – indeed, immersion in – U.S. culture; securing this helpful benefit for us requires that we bring foreign students to our country. The cultural exposure is such an important adjunct to the IMET "classroom" experience that a waiver is generally required for use of IMET funds in the field.

Training, engagement and related activities are only conducted pursuant to appropriate legal authorities, with funds properly appropriated by Congress. The training falls under a range of specific accounts and within the jurisdiction of various committees, but it is always carried out for purposes of furthering U.S. foreign policy and national defense objectives. In that regard, the training activities are conducted in coordination with, and often at the request of, U.S. Ambassadors and country teams. These activities represent a tool of extraordinary value, one that warrants the continued support of the Congress. In that regard, I would thank the subcommittee again for its continued strong support of IMET and other security assistance programs that support training and engagement.

Engaging foreign military establishments through a variety of training programs, through and exchanges, and diplomatic and other contacts strongly supports U.S. national security and foreign policy interests. The three elements of our broad strategy are to "shape" the international security environment, to "respond" to the range of contingencies we might face, and to "prepare" for an uncertain future. Training foreign militaries helps all three elements.

- We help "shape" the current environment by military contacts with foreign militaries and inculcating values of professionalization, respect for civilian authority, and norms of conduct.

- We help "respond" to crises – which usually require coalition efforts by building in foreign nations both the military capabilities and the political inclination to associate with us when crises arise.

- We help "prepare" for the future by a long-term investment in people, attitudes, doctrine, approaches to problems, relationships to civilian authority, and legal standards that match our own.

Indeed, I can think of no more cost-effective means than training foreign military forces, of furthering our interests in peacetime – and more to the point, neither can the regional CINCs who have the broad responsibility for our military contacts in their regions. Similarly, our ambassadors are strong advocates for U.S. military training programs under established standards.

In light of the justified concern about readiness, OP TEMPO and overall demands on our forces, it is significant that the vast majority of US training and engagement activities, including the activities contained in the section 581 report, require no additional separation of U.S. military personnel from their families; they put no U.S. service members at increased risk to life or limb, and they required no additional purchases of tanks, ships or aircraft.

There is another aspect of our training and engagement programs of which the Congress should be aware: U.S. troops like participating in them. They take pride in the fact that it is their military, their way of doing things, their doctrine, tactics, professionalization, and training that are the model for foreign forces.

So as we address answer your specific questions and concerns, I ask that you not lose sight of the overall policy purpose behind our activities.

The Section 581 Report

The section 581 report, as requested by the Foreign Operations Appropriations Act, represents a snapshot of data available on FY98 and planned FY99 foreign military training conducted by the Departments of State and Defense as of December 1998. It is massive in scale, amounting to over 2,000 pages of data. The unclassified portion of the report contains information on 51,854 training and DoD engagement activities; the classified annex includes information on 555 additional activities. I am pleased to advise the subcommittee that we are now able to provide information on FY98 JCET activities – which was originally classified – in unclassified form in response to your request.

Authorities. As to the authorities for our training activities, the overwhelming part – fully 97% of the total – of the activities covered in the report constitutes activities authorized under security assistance legislation, comprising (1) training provided on a grant basis under IMET, FMF, State Department International Narcotics and Law Enforcement authority, or under drawdown authority, and (2) training paid for by the recipient's country through the Foreign Military Sales program. The balance of activities covered in the report is authorized under various provisions of Department of Defense – related legislation. The appropriate committees of the Congress are kept fully

informed of these Defense-funded activities. I want to reiterate that any training or engagement activity conducted in a foreign country, under any authority, is undertaken with the full knowledge of the U.S. embassy country team.

Resources. The total of activities included in this report, combining payments by the U.S. and by foreign governments, exceeds $800 million for fiscal years 1998 and 1999. (I should note that there are no cost figures for some items and in any case the final total will not be determinable for some time because some activities planned for FY99 will not occur, or may include more personnel or fewer personnel than originally projected when the data call for the report closed in December 1998.)

I want to make three basic points relating to resources.

First, approximately ninety percent of the dollar value of this training flowed through the Foreign Military Sales (FMS) system, either through an FMF grant, an FMF loan, under drawdown authorities, through the State Department International Law Enforcement budget, or through foreign country purchases using their own national funds. The current data reporting and management system does not distinguish payments from foreign countries using their own resources from payments using appropriated U.S. funds (e.g., IMET or FMF) so we cannot nail down that figure mechanically. We are exploring ways to capture this information in the future.

Second, the reason the dollar total of IMET-funded training included in the report (about $48 million) is significantly below the total appropriated for IMET (approximately $100 million for FY 98 and 99 combined) is straightforward: The difference results from the fact that transportation and living expenses provided for IMET participants are not included in the report, only the value of the training or education they receive -- in effect, the tuition costs as distinct from living and transportation costs.

Third, the resources for non-security assistance activities covered in this report -- about three percent of the total -- are appropriated through the 050 federal budget function under the cognizance of your Defense Appropriations Subcommittee colleagues. Although defense funds may not generally be used for foreign military training, Congress has provided a number of specific authorities to DoD to use defense funds for certain specialized training activities that are therefore contained in this report. All training, including JCETS conducted by DoD under specific authorities use, some form of the O&M accounts as the budgetary source of funds, except in the case of humanitarian demining ,which is funded out of the Overseas Humanitarian Disaster and Civic Assistance (OHDACA) account.

Compiling the Report. Let me turn to the process through which the Departments of State and Defense compiled the section 581 report. During the FY1999 legislative cycle, separate reporting requirements on military training were included in foreign operations legislation. The conference report consolidated three earlier reporting requirements into section 581. As enacted, section 581 requires that the Secretaries of State and Defense report by January 31, 1999 -

> "on all military training provided to foreign military personnel under programs administered by the Department of Defense and the Department of State during fiscal years 1998 and 1999, including those proposed for fiscal year 1999. This report shall include, for each such military training activity, the foreign policy justification and purpose for the training activity, the cost of the training activity, the number of foreign students trained and their units of operation, and the location of the training. In addition, this report shall also include, with respect to United States personnel, the operational benefits to United States forces derived from each such training activity and the United States military units involved in such training activity.

I regret that we were not able to meet the January 31, 1999 due date for the report. The late enactment of the FY 99 Omnibus Appropriations legislation left only 15 weeks until the stated time for submitting the section 581 report. This was one of the over 550 congressional reporting requirements which Congress has directed the Department of Defense to satisfy in fiscal year 1999. We take these requirements seriously, but we must balance the timely completion of reports against the need to execute our mission -- and the need to take the time necessary to produce a responsive and meaningful report. In many cases, and it was certainly the case with section 581, an adequate final product may take more time than the statutory requirement permits. Given the scope of section 581, and the fact that much of the material had to be gathered from the field and was not readily retrievable through the record-keeping system, I believe we produced a quality product in a reasonable time.

Scope of the Report. Section 581 did not define "military training," or "foreign military personnel." We sought to read these terms broadly and consistently with their intended meanings as we understood them, and with reasonable practicality. To that end, we decided not to rely on formal DoD definitions for these terms in our data call. Doing so would mistakenly have limited input from the field on activities which we understood to be within the subcommittee's range of concerns. Rather, State and DoD developed a broad request for information sent to virtually all DoD components and State Department bureaus.

Specifically, we requested data for the report on all activities conducted by, or on behalf of, the Department of Defense or the Department of State, "where a significant objective is the transfer of knowledge or skills related to the performance of tasks of a military nature, to units or individuals of the uniformed armed services or civilian Ministry of Defense members of other nations." Again, this data call functioned as a means of gathering information for purposes of compiling the report, not as a formal definition of "training."

Thus, the people working on the project cast a broad net to produce an inclusive product. For example, the military services generally distinguish between "training" and "education." If we had restricted the data call to "training" as traditionally defined in the military, a range of classroom educational activities open to foreign military personnel through DoD regional security centers would have been eliminated from the report. We also included certain DoD engagement and education activities even though their primary purposes do not meet the established military definition of training foreign military personnel. In particular, we included information on Joint Combined

Exchange Training (JCET) even though the primary purpose of this program is to train U.S., not foreign, military personnel because of obvious congressional interest in the program.

Military training can indeed be one element of engagement, but not all engagement activities are military training. We did not seek data on, and correspondingly did not include in the report, a number of classes of activities involving interaction with foreign militaries, notably combined exercises and traditional CINC engagement activities. Some examples of exercises include the regular Bright Star exercise, in which thousands of U.S., Egyptian, and other troops participate, or similar events like Cobra Gold with Thailand and Partnership for Peace exercise activities in Europe and the New Independent States. It would have been technically impossible to compile realistic financial data on exercises, and in any case the purpose of exercises is not training of foreign forces but improving the capacity of US and foreign forces to operate together and become more familiar with each other.

Similarly, we did not include traditional military contact and engagement programs. A particular engagement program that was treated in this matter is the EUCOM Joint Contact Team Program (JCTP). All of the regional CINCs maintain active programs of contacts with the militaries in their areas of responsibility. Because of the dramatic events over the last decade in Europe, EUCOM has developed its engagement program under the umbrella of JCTP. JCTP is a familiarization and orientation program established and operated by the US European Command to take advantage of the opportunity afforded by many former communist militaries seeking a closer association with the West. JCTP is closely coordinated with our embassies in Central and Eastern Europe and in the New Independent States. JCTP seeks to show foreign militaries how our military services operate; it does not train them in the activities demonstrated. United States personnel provide demonstrations or lectures under JCTP relating to a range of military activities.

The key difference between the demonstration, familiarization, and orientation activities of JCTP and a training program is that the JCTP does not attempt to increase capabilities of foreign personnel. Indeed, when, as sometimes happens, JCTP teams are asked by their audiences for instruction in the activities that have been demonstrated, the response from the US side is an offer to introduce the appropriate foreign point-of-contact to a US security assistance officer, who describes opportunities for training under FMS, IMET or otherwise. Then, foreign militaries may use the FMS system to obtain actual training in the types of activities they witness through the JCTP program.

JCTP does not circumvent Congressional oversight of foreign military training. JCTP is conducted under DoD authorities and with funds appropriated to DOD as it is a traditional defense function for CINCs to engage counterpart militaries in their respective regions. In this connection, I refer the subcommittee to the February 10, 1999 posture statement of the U.S. European Commander-in-Chief, General Wesley Clark, USA, recently submitted to your House Defense Appropriations Subcommittee colleagues, describing JCTP and calling it one of his "key elements of peacetime engagement" (pp. 29 – 30).

That the US European Command has taken the initiative to develop a formal program for such engagement results from history's placement of many new democracies within that CINC's area of responsibility. We are proud of JCTP – the program is doing excellent work in a region that is among the highest US foreign policy and national security priorities.

Some Specific Questions.

Mr. Chairman, I would like to briefly address several questions have arisen since delivery of the report on March 5th.

Classification. DoD was asked why information on the JCET program was initially provided in classified form. The answer is that the information was provided to OSD by the Special Operations Commands in classified form, as is typical for their activities. There was not time to request a declassification review and still deliver the report in a reasonably timely fashion. As you know the annual report to Congress on JCET activities provided under 10 U.S.C. §2011 does provide this information in unclassified form. As I noted earlier, I am pleased that we are now able to present all of the FY98 JCET information in unclassified form.

Impracticality of tracking "alumni". We were also asked why we do not formally "track" foreign personnel after completing their U.S. training. The answer is found in the scale of this activity, as reflected in the size of the section 581 report, which includes a total of at least 67,142 foreign students over the two-year period covered. Formal tracking of "alumni" would be logistically very complex and costly – and perhaps impossible. It is doubtful that the information necessary for career-long tracking could be obtained from foreign citizens who have no continuing formal association with the U.S. government, and in any case we do not believe it would be worth the huge administrative burden that would be required to attempt to collect it. This burden would fall most heavily on embassy staffs which are already stretched very thin.

Of course, we do have some information about "alumni," because in many individual cases we find that the informal relationships established between U.S. personnel and their foreign training counterparts serve an important "tracking" function. Usually, the "graduates" do well, and often rise to high positions – and frequently credit their U.S. training as a key element in their career development. As is to be expected, there are sometimes reports of a foreign officer, charged with gross violations of human rights or other misconduct, who attended a U.S. training program at some point in his career. We correctly condemn those individuals, but their misconduct must not cast doubt on all recipients of similar U.S. training.

Compliance with legislation on human rights monitoring. With respect to human rights monitoring, I can report that we have implemented both section 8130 of the Department of Defense Appropriations Act for fiscal year 1999, the "Leahy Amendment," which relates to adverse human rights information and military training, and section 1062 of the Strom Thurmond National Defense Authorization Act for fiscal year 1999, which requires that all JCET activities be approved, in advance, by the Secretary of Defense. We integrate these two requirements by guidance providing that

the information submitted to the Secretary of Defense in connection with seeking approval pursuant to section 1062 must include either any adverse information as described in section 8130, or a certification by a non-DoD member from the relevant country team that State has no such information. For other types of training we have issued guidance to insure that the information that section 8130 requires be considered is obtained, if any such information is known to the relevant embassy.

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Mr. Chairman, I recognize that there has been a good deal of media and some congressional attention to various military training programs in the last year or so. I want to conclude my remarks by categorically rejecting charges that have been leveled regarding foreign military training programs, claiming that we are intentionally ignoring the letter or spirit of the law, evading congressional oversight, or acting in a manner inconsistent with national policy. Let me respond with the following, specific points:

- Our foreign military training programs serve national policy and are closely coordinated with the State Department and relevant U.S. embassies.

- In all of its activities, the Department of Defense complies with requirements contained in statutes and we do our best to follow guidance on congressional intent that may be contained in legislative history and other sources.

- If an activity occurs that is contrary to law, the Department will identify the problem and fix it.

- There has been no attempt, deliberate or, to my knowledge, inadvertent or unauthorized, to evade the law with respect to training of foreign military forces. If the committee believes there are such cases and can identify them, I will investigate them and report back.

- There has been no attempt, deliberate or, to my knowledge, inadvertent, to omit responsive information from the section 581 report. On the contrary, we have included activities far broader than a standard military definition of "training" might otherwise require.

- Along with the Department of State, we will report our activities to Congress and explain the policy rationale for how our programs serve national interests and how they operate. We will provide additional information as requested to increase confidence in the transparency of our activities and objectives, and consistent with security for our forces, we will provide that information in unclassified form wherever possible.

The details of reporting aside, the underlying training and engagement programs are of key importance to our foreign policy and national security interests. The dissolution of the Soviet Union and the Soviet empire in Central and Eastern Europe, democratic reforms in Central and South America, as well as in southern Africa, have

offered opportunities for which we waited decades. In these and other regions, we want the military establishments to be forces for stability at home, and potential coalition partners with us abroad. The activities described in the section 581 report represent a major investment toward those objectives. It is an investment that I hope to continue refining, with your support, in the future.

Mr. CALLAHAN. Your statement will be submitted and accepted for the record.

Mr. Newsom.

Mr. NEWSOM. Thank you, Mr. Chairman, Mrs. Pelosi, Mr. Lewis, Mr. Jackson. It is a pleasure to be here before this subcommittee. I will make a few brief remarks——

Mr. CALLAHAN. Mrs. Kilpatrick.

Ms. KILPATRICK. Kilpatrick.

Mr. NEWSOM. Oh, sorry. Mrs. Kilpatrick.

MR. NEWSOM'S OPENING STATEMENT

I would like to submit my full statement for the record.

I am pleased to join Under Secretary Slocombe today to discuss this joint report to Congress on foreign military training.

The Department of State provides the overall policy direction for a wide variety of Government activities, such as military training, which directly and indirectly support our foreign policy goals. We take this responsibility very seriously as we work with our colleagues in the Department of Defense on the conduct of foreign military training.

We welcome the opportunity to discuss any questions or concerns you may have regarding military training and share your interest in maintaining a close relationship between us in guiding these programs.

We view the thousands of training activities listed in this report as important tools of U.S. foreign policy. The activities funded through the foreign operations appropriation are explicitly intended to advance the foreign policy objectives of the United States. Fundamentally, this includes encouraging democracy, improving human rights and promoting regional stability.

These activities are a useful venue for strengthening bilateral ties, promoting greater understanding of American values and doctrine and demonstrating the United States is a worthy and valuable ally. It is through strong military-to-military interaction in peacetime that coalition members and allies are made in wartime.

On the other hand, the activities conducted by the Department of Defense, with its own appropriations, are largely intended to provide U.S. military units with training they need to fulfill their wartime and peacetime tasks. But even as they meet these needs, these DOD programs also contribute to our bilateral and regional policy objectives. Thus, regardless of the funding source, both State and Defense are fully cognizant of the degree to which these activities make important long-lasting contributions to U.S. national objectives.

Let me just briefly outline to you how the State Department participates in the policy review process to ensure that there is policy oversight over all of the activities, including those of the Defense Department.

Both the Department of Defense and the Department of State has a process at a variety of levels to review military training conducted for international personnel. This process ensures that training activities are in support and consistent with overall U.S. policy.

The theater commanders in chief, or the CINCs, and their staff start the approval process by formulating annual plans for their

areas of responsibility. The CINCs and their staffs are in frequent contact with the U.S. embassy to clarify issues that impact foreign policy and training activities. The CINCs also benefit from having political advisers from the State Department, experienced senior foreign service officers, on their staffs.

The CINCs present their annual training and exercise plans to the respective U.S. embassies, where it is reviewed by the ambassador and the country team. If there are questionable cases, our embassies refer the issue to the Department of State and DOD for further guidance.

As training events draw closer and details are finalized, the unified command, again, clears the activity with the embassy to ensure that there are no new circumstances which could make the activity inconsistent with our bilateral and regional policy objectives.

While this procedure has generally been satisfactory, we are continuing to try to improve it, especially in countries where military training is sensitive. And greater scrutiny has resulted in cases where training exercises have been canceled or revised.

However, we are finding it is not always easy to determine which units or individuals were involved in abuses, especially in countries with weak judiciaries and poor record accountability. Our embassies are redoubling their efforts to record abuses to ensure that inappropriate personnel are not involved in our training programs and that training for qualified units is not delayed.

The great majority of training activities overseas do not raise human rights-related concerns and do not require vetting beyond that provided by the embassy country team. We are keenly aware, however, that troubled human rights records of security forces in some countries require especially close scrutiny, both locally by the embassy and back at the department level here in Washington. For example, allegations of human rights abuses in Indonesia resulted in cancellation of the JCET program there in May of 1998. Currently, U.S. military training with Indonesia military is limited to a small program of humanitarian, engineering and medical activities. In addition, a mobile team will provide training and human rights awareness in civil military relations.

In the case of Colombia, all individuals or units selected to receive training are carefully vetted by the embassy for criminal, human rights or narcotics violations. Through a 1997 End-Use Monitoring agreement with the Government of Colombia, we review indigenous sources of information; that is, criminal records, and then double-check them against U.S. Government records before training is approved.

In Turkey, the different elements of the U.S. mission in Ankara coordinate to ensure that no U.S. Government security assistance, which in this case is primarily IMET and counter-narcotics assistance, goes to security forces involved in human rights violations. We have seen something of an improvement in human rights performance of the armed forces in recent years, and we think that is, at least in some part, due to mandatory human rights training for both officers and noncommissioned officers of the Turkish armed forces.

However, human rights problems continue in parts of the Turkish police, in particular, which led us last year to restrict Ex-Im funding of a U.S. sale of armored vehicles to the Turkish police.

In closing, I want to reiterate that foreign policy and military training are mutually reinforcing. Foreign training activities are investments that we believe reap significant dividends in the long run. We are constantly trying to improve our review process at multiple levels, both in the field and in Washington, to ensure that we are getting the most from our training activities.

Overall, the benefits derived from training activities have generated good will, promoted regional stability and improved interoperability with non-U.S. military forces, and we will work to continue to ensure that this type of training contributes to our diplomatic goals and is consistent with our overall foreign policy objectives, including advancement of human rights.

I thank the members of the committee for the opportunity to address you on this report and will be glad to try to answer any of your questions.

[The information follows:]

STATEMENT BY
ASSISTANT SECRETARY ERIC D. NEWSOM

BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE ON FOREIGN OPERATIONS, EXPORT FINANCING AND RELATED PROGRAMS

Tuesday, March 23, 1999

Mr. Chairman and Members of the Committee: I am pleased to join Under Secretary Slocombe today to discuss the Joint Report to Congress on Foreign Military Training. The Department of State, as an Executive Branch agency, is of course responsible for developing and implementing U.S. foreign policy. We provide the overall policy direction for a wide variety of U.S. government activities which directly or indirectly support our foreign policy goals. The Department of State takes this responsibility for providing direction and oversight very seriously, including our work with the Department of Defense on the conduct of foreign military training. We welcome the opportunity to discuss any questions or concerns you may have regarding military training, and share your interest in maintaining a close relationship in guiding these programs.

MILITARY TRAINING IS A TOOL OF FOREIGN POLICY

In the area of military training, we view the thousands of training activities listed in this report as important tools of U.S. foreign policy. On one hand, the activities funded through the Foreign Operations Appropriation are explicitly intended to advance the foreign policy objectives of the United States. International Military Education and Training (IMET), Foreign Military Financing (FMF), and Foreign Military Sales (FMS) are the best known examples of programs focused on foreign security forces.

On the other hand, the activities conducted by the Department of Defense with its own appropriations are in most cases intended primarily to provide U.S. military units with the training they need to fulfill their wartime and peacetime tasks. The Joint Combined Exchange Training (JCET) program is a good example of a program focused on U.S. forces. But these DoD programs also contribute to foreign policy objectives. They support regional stability and provide face-to-face demonstrations of how U.S. Armed Forces function in and support a democracy. So regardless of the funding source, both State and Defense are fully cognizant of the degree to which these activities make important and often long-lasting contributions in support of U.S. national objectives such as encouraging democracy, improving human rights and aiding regional stability.

Training foreign military personnel has long been recognized by both the Congress as well as the Executive Branch as a valuable tool for furthering U.S. foreign

policy and national security interests. For example, the IMET program is a valuable program giving promising young officers from other countries an in-depth appreciation of how the world's most effective military – ours – can be a top-notch fighting machine while supporting and fostering the key values of respect for democracy, human rights, and civilian control of the military. I believe the Committee is well informed on how we ensure that these programs in the 150 Account are implemented in accordance with the law and the values of the U.S.

REVIEW OF TRAINING AT A VARIETY OF LEVELS

Both the Department of Defense and the Department of State have a process at a variety of levels to review military training conducted for international personnel. All of these training activities, whether funded through Foreign Operations Appropriations specifically for foreign policy reason, or funded through Defense Appropriations primarily to maintain our own military capabilities, are coordinated with the relevant regional Unified Command and the appropriate U.S. Embassy. This process ensures that training activities are in support of, and consistent with, U.S. policy.

The theater Commanders-in-Chief (CINC) and their staffs start the approval process by formulating annual plans for their areas of responsibility. We work closely with them on our foreign policy objectives for their regions and U.S. policy towards specific countries, and they shape their plans accordingly. These commanders also benefit from having Political Advisors, or POLADs, on their staffs. These experienced, Senior Foreign Service Officers are there to provide current foreign policy perspective and to be an effective liaison with the Department, thus playing a valuable role in satisfying both U.S. foreign policy goals and U.S. military training requirements. Where there are any doubts, the CINCs and their staffs are in frequent contact with the U.S. Embassy to clarify issues that impact training activities.

The process of reviewing foreign military training continues with the CINCs' presentations of their annual training and exercise plans to the respective U.S. Embassies for their consideration. As you know, the Ambassador is aided by a multi-functional country team which reviews proposed activities to ensure they are appropriate for the host country and consistent with bilateral and regional policy objectives. Finally, as individual training events draw closer and details are finalized, the Unified Command again clears the activity with the Embassy. Our embassies, per our instructions, refer questionable cases to the Department and the DoD for further guidance.

We continue to improve our review procedures. For example, there are a number of cases where training exercises have been cancelled or revised as a result of our enhanced review. Our embassies have long had the responsibility to report on human rights abuses by government security forces. But, we have found that it is not always easy to determine which units or individuals were involved in abuses, especially in

countries with weak judiciaries and a poor record of accountability. By doubling our efforts to record abuses we will ensure that inappropriate personnel are not involved in our training programs, and that training for qualified units is not delayed.

MOST TRAINING IS NON-CONTROVERSIAL

The great majority of military training activities overseas do not raise human rights-related concerns and require no vetting beyond that provide by the Embassy operating with policy guidance from Washington. However, there are cases where a heightened awareness and further scrutiny are needed. These cases occur most often in connection with specific information developed by the Embassy and reported to Washington. Examples include the troubled human rights record of security forces in Indonesia, Columbia, and Turkey. In such cases, our assistance to the police and military is carefully vetted with the appropriate bureaus in the State Department to ensure that no training or materiel is provided to units where there is credible evidence they have been involved in the commission of gross violations of human rights.

On a few occasions, evidence of gross human rights violations has required a complete reappraisal of U.S. training activities in a specific country. In Indonesia, for example, DoD cancelled the JCET program in May 1998 and has not resumed the program. Currently, U.S. military training with the Indonesian military is limited to a small program of humanitarian, engineering, and medical activities. In addition, a mobile team will provide training in human rights awareness and civil-military relations. There is no training by the U.S military for the Indonesian military in lethal military skills, nor is any contemplated.

In the case of Colombia, approval for training activities involves a two-phased screening process by our Embassy's country team. All individuals or units selected to receive training are carefully vetted by the Embassy for criminal, human rights, or narcotics violations. This applies whether the planned training is in-country or in the U.S. Additionally, through a 1997 End-Use Monitoring agreement with the Government of Colombia, indigenous sources of information (e.g., criminal records) are reviewed and then double-checked against U.S. Government records before training is approved. In fact several training activities have recently been cancelled or delayed due to the rigorous screening process at our Embassy.

In Turkey, the different elements of the U.S. Mission in Ankara coordinate to ensure that no USG security assistance - primarily IMET and counter-narcotics assistance - goes to security forces involved in human rights violations. The State Department and human rights NGOs have noted a marked improvement in the human rights performance of the armed forces in recent years, as Turkey has instituted mandatory human rights training for both officers and non-commissioned officers upon entry and after each promotion. Human rights problems continue within parts of the Turkish police, which

led us last year to restrict Ex-Im financing for a U.S. sale of armored vehicles to the police. There have been no specific reports of human rights abuses by the counter-narcotics police.

CLOSING REMARKS

In closing, we view military training with foreign personnel as an important foreign policy tool. But to ensure that foreign policy and military training are mutually reinforcing, we review the program repeatedly and at multiple levels in a revitalized process, both in the field and in Washington. Overall, we believe training activities have generated goodwill, promoted regional stability and improved interoperability with non-U.S. military forces. We will continue to ensure military training contributes to our diplomatic goals and that America's security and vital geopolitical interests are protected.

Mr. Chairman, I wish to thank the members of the Committee for the opportunity to address you on the Report on Foreign Military Training, and would be pleased now to answer any questions you may have.

FOREIGN MILITARY TRAINING

Mr. CALLAHAN. Thank you both for testifying. I may be unique in Congress, but I agree with you that the monies you use for foreign military training is a tool of the State Department to promote our activities worldwide, and I think that's the way it should be. I know that some, probably Nancy, would totally disagree with that, or at least partially disagree with that.

The coalition training, from a military aspect, I think is absolutely necessary. If we are going to depend upon these countries to be our allies, we must have some type of coalition training in order to fight side by side with them should that necessity ever occur.

I agree with it, but there are some who question whether or not, as a result of some of this training, there were human rights abuses. I imagine in the past there's pretty significant evidence that is true. But I can't find it anywhere today. And we cannot go back and correct sins of the past. We can only insist that this type of abuse or the training that creates this type of abuse be on the backs of the United States taxpayers.

So I agree with Nancy's concerns about abuses, and I do not disagree that history probably proves her correct. But I do not see any evidence, including visits by my staff at my insistence to some of these facilities, some of the IMET training facilities, some of the School of Americas Activities to make absolutely certain that there are no classes taught that teach people how to torture people, and we have found no evidence in the last couple of years of any real existence or abuse of the of human rights that we share Nancy's concern.

SANDIA NUCLEAR LAB

I guess one question, Secretary Slocombe, the Chinese situation. Recent reports that members of the Chinese military and defense ministry continue to engage in exchange activities and contacts with the military. We have seen press reports that members of the Chinese military were engaged in some 80 activities in the United States in 1999, including a visit to the Sandia Nuclear Laboratory in New Mexico. In addition, members of the Chinese military may be observing airborne and infantry training exercises.

Number one, are these reports true? And in light of the serious allegations about spying by China at our nuclear and military facilities, do you believe this is in the best interest of our national security? And, finally, have members of our armed forces, objected to these visits?

Mr. SLOCOMBE. Mr. Chairman, we believe that the military-to-military contact program with China serves our interests. Needless to say, none of it involves training, in any sense of the term, for any of the activities which were of the subject of the reports.

The Chinese army is a major factor in China, and that's simply a fact that we have to live with. How that society develops in the coming years will be determined, at least in part, by the attitudes of the Chinese military. It is an extraordinarily insular institution. We are struck by the number of senior visiting Chinese officers who, except maybe for a trip to Moscow or to Pyongyang or Hanoi in the old days, have never been outside China. And we believe,

very strongly, that contact with the outside world and particularly with the United States military, is in our interest.

First of all, I think they understand how good we are when they see us. Sometimes they actually tell us that in so many words; that they realize not just the sort of nice things about the American military, but also its extraordinary effectiveness and, in a sense, how far behind they are relative to us. That is not a bad message to get across.

They also realize something about how the military operates in a democratic, constitutionally-run society, where the rule of law applies. I want to come to a couple of specifics. But all of that said, we apply very careful security standards to any visits. And we also apply something that goes beyond the security standards—we also apply a reciprocity standard. We want to make sure that when our military people go to China, I do not think the Chinese show us anything that they do not intend us to see and, quite frankly, we do not show the Chinese anything that we do not intend them to see, but we also want to make sure there is a reasonable balance. And we have had some important progress.

For example, when Secretary Cohen was there about a year ago, we went to the Air Defense Command Center for the Bejing military region, which is the first time a foreigner, at least an American, has ever been allowed to visit, and it included an entourage of American military officials.

Let me just briefly respond on the two points. One, the so-called visit to the Sandia Nuclear laboratory. Foreigners are regularly invited to visit Sandia a part of their tours. It happens to be at Sandia, but it is a chemical weapons verification center, where we are trying to work with countries that are participants in the Chemical Weapons Convention on means of verifying the treaty. It has nothing to do with nuclear activity directly.

On the airborne and infantry training exercises, it is certainly the case that periodically Chinese visitors, like visitors from lots of other countries, are taken to see our training activities. We are very careful to make sure that, in terms of anything we show as part of those activities, it meets security standards. We are aware of the possibility of activities that are not within the purposes of the visit, and if we believe a danger of unauthorized activities exists we modify the visit or do not do it.

My basic message is this is a program which it is very much in our interest to continue, but we do it very conscious of some of the potential security problems that are involved.

Mr. CALLAHAN. Mrs. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman. As the Secretary said, this is not the subject of today's meeting, but I did want to make the point that Congressman Visclosky, the Ranking Member on Energy and Water, and I sent a letter to Mr. Richardson in November asking, when he was newly appointed Secretary, to send us a list of all Chinese who have visited the national lab since January of 1993. We have not heard back, and we keep calling to see when we are going to get a response to that letter, because it is an issue of major concern to us about this accessibility.

I had particular concerns because I know that the administration had looked the other way on visits of diplomats to Silicon Valley

beyond the range that they are allowed to go in the San Francisco Bay area, and Mr. Visclosky had some concerns about the openness of our labs.

But to get to the point of today's hearing. I am so glad you asked that question on your time. Mr. Chairman, you and I are not that far apart. I was listening to what you said. As I said in my statement, there is no doubt that the Defense Department has the authority to conduct foreign military training with their own funds. I am concerned that I think the real issue for us today, as I said, is, is Congress adequately informed of DOD's decisions to deploy U.S. forces in training situations with clear policy impacts. You said you think they should be doing this, and we agree that they have the authority to do it, and there are opportunities in our national interests to do so.

Mr. CALLAHAN. But, in addition, we can only fund what is authorized.

HUMAN RIGHTS

Ms. PELOSI. I understand that. But in addition to that, you said we do not use taxpayers' money associated with these violations of human rights, and that really is the point; Guatemala, Indonesia, Colombia, other places, where we have serious questions about how the decisions were made on the rest, but we have to protect how the taxpayers' dollar is used.

The taxpayers do not think that our money is being used to train the Kopassus to teach sniper shooting, and kidnapping and all of the rest of it in Indonesia. Kopassus was a major embarrassment for the United States. It is likely that they were responsible for the recent round of kidnappings last year, and the exercises were suspended because of these revelations, I believe. I do not remember Congress being informed that they were suspended but, nonetheless, they were suspended, but springing from the behavior of people that we were training.

IMET

So this is not about saying, no, there is no case for military training. I, myself, have cooperated with the Administration on introducing IMET for one year in Pakistan because we want to give it a chance to see if we can develop these relationships with the Pakistani army, which has an important role in Pakistani society.

But we hear over and over again that we have to establish these relationships, and they pay off for the U.S. You know, we certainly have a long list of names starting with D'Aubuisson from El Salvador, who went to the School of the Americas. Can you tell us the names of any of the people whom we have benefitted by this training who then emerged as leaders in their country and accrue to our benefit for having trained them?

I mean, we know the bad list. Do you know the names of any on the good list?

Mr. SLOCOMBE. I am not sure I can remember the names. But I know it is my experience that as you travel around, particularly, in—I have just been handed the list. [Laughter.]

Mr. SLOCOMBE. Not names, but titles.

Ms. PELOSI. Names? Do you have names?

Mr. SLOCOMBE. Well, the first is the king of Jordan.

Ms. PELOSI. Well, I hope you are taking my question seriously.

Mr. SLOCOMBE. I am taking it seriously. What I am struck by is the value we get out of having foreign military officers who have spent a significant period of time, preferably in the United States, in an IMET funded course or something like that or in an FMF-funded course or a course funded by domestic or national funds.

They know the United States, they know something about how the United States operates as a society and how the United States military operates. Just to give you an example of some of the most senior, the king and prime minister of Jordan are both IMET graduates, the chief of the Czech air force, the minister of defense of Venezuela, the chief of the armed forces of Latvia, the Secretary of State—that's roughly my equivalent—for Defense for Romania, the deputy commander of the Botswana defense force, the minister of national defense in Ecuador, the director of the Strategic Defense Institute in the Slovak Republic, the commander in chief of the Honduran armed forces, the commander of the Djiboutian armed forces, commander in chief of the Bahrainian defense force, the deputy secretary of Defense of Kenya. And this is a list of very senior people.

I believe there are undoubtedly exceptions.

Ms. PELOSI. Well, and that is what we are trying to get at today. I mean, with all due respect to that list, it is not exactly what I would call a strategic one. But nonetheless, it is a list——

Mr. SLOCOMBE. Why is it not strategic?

COLOMBIA

Ms. PELOSI. You did not address any of the countries where we have the concerns; Guatemala, Indonesia, Colombia, countries like that. If I may go into a country, the subcommittee spent considerable time discussing the deployment of U.S. special forces to Colombia to train a counternarcotics battalion of the Colombian army at our recent security assistance hearing. We spent time on this.

This is an instance where decisions have been made by the Administration which have overwhelming foreign policy implications in which Congress has no role. In addition to this program, the report before us shows a significant amount spent for both IMET and other security assistance training which we expect in conjunction with our counternarcotics program.

However, the report also indicates that in 1998 nine different JCET deployments occurred training 450 Colombian personnel at a cost of $1.2 million. In 1999, 25 different JCET deployments are planned costing over $3 million, benefitting well over 1,000 different personnel for all branches of the Colombia military, as well as the police.

What benefits do U.S. troops gain from this level of engagement in one country? Further to that, because I know your time is short, in our prior hearing, the DOD witness indicated the decision to train this battalion had not been finalized, and this somehow justified the lack of Congressional consultation.

Since the first deployment of our trainers is expected as soon as April, can you indicate the status of our policy and indicate when, if at all, Congress will be consulted?

Can you explain how the deployment of 20 U.S. special forces for 90 days to one location in Colombia to provide basic training to Colombian army recruits will benefit the readiness of the U.S. armed forces? There are no resources budgeted to equip this counternarcotics battalion, to my knowledge, from our budget. Clearly, the Colombians expect this unit to have modern equipment and to have air mobile capability. Where are the resources going to come from?

Explain the different standards used to vet Colombian personnel receiving training from U.S. sources. My concern about Colombia, as you know, there has much been written about it, and we all know we do not believe everything we read in the paper, but as you know, beginning in 1994, Congress required the Clinton administration to verify that U.S. military assistance would go only to troops that primarily carried out anti-drug operations.

In March 1996, the Administration reacted to evidence that President Samper had taken money from the Cali traffickers by cutting off almost all American aid to Colombia except what was designated to fight drugs, a step known as decertification.

Yet, according to many officials, the Pentagon quietly distinguished itself by finding creative ways around the restrictions. "We refuse to disengage," said a Pentagon official. So this is why I hope you understand why these concerns arise; Kopassus in Indonesia, the record that the President apologized for in Guatemala and this situation in Colombia, to name three.

Mr. SLOCOMBE. That is a lot of questions. Let me——

Ms. PELOSI. I know, but I had to get them all in because you have to go. [Laughter.]

Mr. SLOCOMBE. Let me try to start. First of all, if there was ever a case where there has been discussion with the Congress about a specific program, it is true of the Colombia drug battalion. That program was the primary topic, or among the topics of discussions at at least five briefings for staffs of a whole range of committees, including the staff of this committee, where the Department of State is in the lead.

The training of the Colombian counterdrug battalion is a matter distinct from the JCET issue. The reason that we do JCETs in the Department of Defense is that one of the critical capabilities of the Special Operations Forces is to be able to go and work with the militaries of a whole range of countries around the world. And the primary purpose, and the standard by which we decide when to do JCETs, is what are the requirements that the SOCOM establishes and the regional special operations commands establishes for training our people with these responsibilities.

They get opportunity to practice their language skills. They get an opportunity to do what they would be doing in a combat or, for that matter, a peacekeeping or peace support situation.

The benefits to the American personnel I think are straightforward and those are they. In Colombia, the fact is that we have a very major drug problem, and we are trying to work with the Colombian military and law enforcement people to deal with that problem. We are trying to do it in a way which keeps us clearly distinct from the counterinsurgency effort, a distinction which is occasionally difficult to draw because the counterinsurgency effort is

heavily involved with the drug lords. I do not mean to equate them, but there are some funny alliances in that part of the world.

Congress, just last year, enacted special legislation authorizing special programs with Colombia and also with Peru. We have authority under the general authority we have for counterdrug programs for these activities. I think that the work we do in Colombia is an example of the situation where there are real problems, and no one disputes that—even the Colombians, for that matter, do not dispute—where that country needs to improve its adherence to standards of conduct in their counterinsurgency operations. But it is also a country where we have a strong interest in a vigorous counterdrug program.

Needless to say, I do not agree with the characterizations of our intent or our practice in the newspaper article you read. What we have done has been entirely above board and consistent with the authority that we have and, more to the point, consistent not only with the requirement to maintain the readiness of the special operations troops that are involved, but also consistent with the very high priority that this country, and this administration, and this Congress put on the counterdrug effort.

ABUSES OF KOPASSUS

Ms. PELOSI. If I may, Mr. Chairman, just one follow-up. Do you think, Secretary Slocombe, that the U.S. training of the Kopassus was consistent, to use your word, with the intent of Congress and our foreign policy goals in Indonesia? Is that something you would be proud of and point to as a positive example of our foreign military training?

Mr. SLOCOMBE. I make no apologies for the abuses of Kopassus or any of the other cases you cite. I think there is a certain amount of hindsight in this, and I am satisfied that while there were good reasons to stop the program, and we will not do it in the future, judged by the information that the people had at the time they were making the decision, there were good reasons to work with Kopassus. Among other things, it was the entry point for being able to work with the Indonesian military in other areas which are not controversial, and there are no serious allegations of abuses.

But the Kopassus record is appalling, and there is no excuse for it.

Mr. CALLAHAN. Chairman Lewis.

FOREIGN MILITARY TRAINING

Mr. LEWIS. Thank you, Mr. Chairman. Mr. Secretary, we appreciate very much your being with us. I must say that I have paid more attention to this issue since I have had the privilege of being Chairman of the Defense Subcommittee. Also this issue was highlighted largely because of a vote we had on the floor two years ago in which there was a very close call between funding the School for the Americas. And I had a personal conversation with Sanford Bishop, a member of Congress, who represents the territory that involves the School for Americas. Mr. Bishop is an articulate and passionate supporter of the work that is being done at our school.

I want to mention that, through the work of my subcommittee so far this year, we have asked a variety and mix of people, includ-

ing Secretary Cohen, Secretary of the Air Force, the Navy and the Army, the commandant of the Marine Corps, General Krulak, all of those CINCs, as well as their aides, their views of the importance of foreign military training, both the kind that is in my bill and that which is a part of IMET. Without any exception, they gave a very strong endorsement of the value, both in terms of the relationships between our military and foreign military leaders, but also in terms of the value to our country that this training, on an ongoing basis, has had.

Just today, just a few moments ago, Assistant Secretary Buchanan said, "As we contemplate Kosovo, it is really very important to recognize that any involvement we might find ourselves in will be with NATO forces, foreign military leaders who have relations with our leaders that are very important," and it was suggested it would be much more difficult and much less valuable if we had to develop those relationships as we go to war rather than long before. That is a very poignant, timely point made just today in our committee.

The CINC in charge of the territories to our south, General Wilhelm, said, "For the life of me, I cannot imagine why people would even question the value to us, militarily and otherwise, of the School for Americas." He said, "There are at least ten ambassadors in Latin countries * * *" I may be mistaken here, but I am remembering what he said. "* * * who have gone through that training. There are hundreds of military chiefs who have gone through that training," and he went on. And very poignantly he said, "The unabomber went to Harvard, and there are many a graduate who might be described as being on a different path." Hitler went to the School of the Arts in Vienna. Probably there are other graduates of that School of Arts who had a different pathway.

I can understand these questions that take us back to the eighties and Doba San and Noriega. But, my goodness, the only remaining country in all of Latin America that is not a democracy, or at least trying to strengthen democratic processes is Cuba. I do not know whether Castro went to School of Americas or not? Maybe I should leave you with that question.

Mr. SLOCOMBE. I believe that he did not go to the School of Americas.

Ms. PELOSI. Mr. Chairman, may I just speak to that point?

Mr. CALLAHAN. Certainly.

Ms. PELOSI. I just want the record to show that we are not talking about the importance of interoperability among the 19 NATO countries that are involved in air strikes over Kosovo. We are talking about something quite different from that.

Mr. LEWIS. But these are military leaders who will have to work together, and in many cases——

Ms. PELOSI. No, absolutely. And that is a given. What we are talking about are the abuses, and Kopassus is one recent example, not going far back in history. I think we have more in common on this than your comments indicated. But, again, we all understand how important interoperability, being able to work togther is. What we are concerned about is that our funds are being used in a way that attacks dissidents; troops that fired on people in East Timor who are connected to the U.S. training is not what the American

people want, and we have a responsibility to ask these questions in our oversight.

Mr. LEWIS. Frankly, I do think that is part of our responsibility in oversight and otherwise. But let me ask either of you to respond to this question that really is an extension of what Ms. Pelosi just said. We have seen a very significant transition in Latin America, in terms of the growth of the potential for freedom and democracy. I would have to assume that the new military leadership in many of those countries are people who participated in these kinds of joint military training exercises, including the School of Americas, but also IMET and, indeed, the program that is financed within my own committee as well, which is a joint program.

Mr. SLOCOMBE. I think that is true, and I think also, Mr. Chairman, that the point you make about especially in Latin America, but it is also true in Eastern Europe, it is true in many countries in Africa, it is, to some degree in certain countries, true in Asia. That what we have seen with the end of the Cold War and with other changes in the world, is countries that are trying to establish a democratic system, a system of the rule of law, open markets and so on, they are going to have militaries. Countries have military establishments, with a few exceptions.

And it is very much in our interest that those militaries, similar to the rule for doctors, that they, first of all, do not do any harm. That is, that they do recognize the role of the military in a democratic society and accept that and, second, that they be good at something. That they be able to work in their system to fulfill a function which serves their interests, and often that will serve our interests because of interoperability and so on.

And I like to make the point that it is not just when we train them explicitly in human rights or civil-military relations or the rule of law and that sort of thing. It is also when we train them in how to run a professional military and not a political party or a family business or an instrument for corruption or oppression. We are also serving that purpose, and that is one of the key things that I think we get out of this military training program.

Unfortunately, if I am going to have any time to get to my meeting, I am going to have to excuse myself.

Mr. CALLAHAN. We applaud Ms. Pelosi and her concern about human rights, and we do not want to be accused, nor do we want to participate in any way whatsoever in training people who go back to their respective countries and violate human rights.

Nancy, my daughter graduated from Auburn last Friday.

Ms. PELOSI. Congratulations, Mr. Chairman.

Mr. CALLAHAN. Cum laude for the last quarter. [Laughter.]

If you look at the graduation program and you see the 900 students who graduated this winter semester at Auburn, you will never hear about those who make huge contributions to society that go out as most of the graduates of these schools do and that this training benefit do.

What about the training, for example, at the School of Americas where we train them to treat humans correctly and they go back and make a contribution and they do treat people in a humane manner? You never hear about them.

The only thing you hear about are those who go wrong, and certainly, with the 900 students at Auburn, you are not going to hear from 890 of them as far as any degree of notoriety is concerned, but some of them are going to go wrong and you are going to read about them.

I think it is important that we recognize that the School of Americas has made dramatic changes. Jesuits taught me, and they come to my office every year and are going to condemn me to hell if I support the School of Americas, I tell them if you all can give me one class or one textbook that proves what they are arguing—that we are teaching these people to go back and torture people, which we are not—if they can show me one textbook, if they can show me one class where this is being taught, then we will abolish the School of Americas, but they cannot do that because it is not being done.

We have sent our staff people down there. They have investigated. They have reviewed every textbook there. There is no such thing. There may have been at one time, but not now.

Ms. PELOSI. Because of congressional oversight.

Mr. CALLAHAN. That is a compliment to you and those who have brought these problems to our attention, but the fact remains, that we have corrected it. We cannot deny the educational opportunities of military preparedness to these countries who are struggling to create democracies, especially in this hemisphere. The other 87 percent, the NATO portion that you mentioned, none of this is ever questioned. It is just one-tenth of 1 percent of the monies that are being spent in these endeavors.

If, indeed, they can show us where we are contributing in any way, shape, or form towards any type of encouragement of human abuses, then I will join with you and we will eliminate——

Mr. LEWIS. Mr. Chairman, whatever time I might have remaining, I might mention that I——

[Laughter.]

I was going to mention that Secretary Cohen, as I remember, had been one of the other CINCs or Secretaries, but they did name specific people who are in ambassadorial kinds of relationships, and dozens of military leaders, et cetera.

I might mention to you, Mr. Secretary, as you leave, that I just received a note that said that Minister Primakov has turned his plane around.

Ms. PELOSI. Oh, turned around?

Mr. LEWIS. Turned around. He is not coming here, and we have withdrawn our ambassadors, as I understand it.

Mr. SLOCOMBE. Yes. When Holbrook left, the U.S. Embassy and most of the NATO embassies, which were down to skeletal staffs in any event, closed down.

Could I just, before I leave, make one point? Pursuant to the statutes which were enacted last year, we have set up elaborate procedures within the Department of Defense to ensure, as Mr. Newsom mentioned in his testimony, that we are in touch with the embassies in the countries where an activity is going to take place.

Before anybody can sign off on any DOD-funded foreign military training activity, there has to be a certification by a non-DOD

member of the relevant embassy that there is no adverse human rights information about the unit or individual to be trained.

If there is, there is an elaborate procedure to do something about it, but the point is that we now have a system, again, pursuant to——

Ms. PELOSI. Congressional.

Mr. SLOCOMBE [continuing]. Congressional interest, but not with respect to any policy that we did not think was the right policy.

We would always respond if we had information about adverse human rights reports about people who have been trained. We will make sure that if that information exists, it is brought to the attention of the decision-makers, and normally, what happens is you just change the program.

Mr. CALLAHAN. Let me, before you leave, Mr. Secretary, let us see if anybody has any questions they need to direct to you.

Yes. Ms. Kilpatrick.

OVERSIGHT

Ms. KILPATRICK. Just I am happy to hear you say, Mr. Secretary, that you have instituted some oversight provisions in the DOD budget that would address some of our concerns on this issue. I think that is very good, and I appreciate that very much. As you leave, I wanted to make sure that I heard that correctly. I think that is what I heard.

Mr. SLOCOMBE. That is right. As I say, we have a process. Things are approved at different levels of the system, but whoever has to sign off on it—sometimes it is the Secretary, sometimes it is the CINC, sometimes it is other people—there has to be a certification in writing by a non-military, non-DOD official of the relevant U.S. embassy that there is no adverse human rights individual with respect to the individual.

Ms. KILPATRICK. That is a step in the right direction. I appreciate it.

Ours is statutory. Yours is administrative, it sounds like, and we appreciate that.

Mr. SLOCOMBE. This is pursuant to the statute.

Ms. KILPATRICK. Yes. Thank you.

Thank you, Mr. Chairman.

Mr. JACKSON. Mr. Chairman, just very quickly, I would like to submit all of my questions for the record, but I do want to say just before the Secretary leaves that our current and ranking member, Ms. Pelosi, worked very hard to include Section 581 language in the committee report.

MILITARY TRAINING ACTIVITY

Mr. JACKSON. I looked at the language very, very carefully, and the language says this report shall include for each such military training activity the foreign policy justification and purpose for such training activity, and the general summary or the executive summary that is provided for each such military activity or training activity is very thin, if nonexistent.

It attempts in the executive summary to cover a general analysis of how these various programs benefit and support foreign policy, but the committee language is specific. It says for each such train-

ing activity, and there is no report, at least to the best of my knowledge, that supports each training activity, and I think the language is very, very specific.

I also want to indicate the other conversation that was extremely helpful, and, Mr. Chairman, I say this very respectfully. There may be no such international book on human rights violations that we train militaries around the world with.

I think the problem may actually occur in emphasis of training. What do I mean by emphasis of training? Our Congress and our Nation is somewhat poised to deal with the Kosovo situation.

Our troops, our men and women, may end up in some other part of the world as peace-keepers. That is the emphasis. The emphasis of our military is not patrolling the streets of Chicago. They are possibly going to Kosovo and other hot spots around the world.

At the School of the Americas where we train men and women to go back to their countries, the emphasis oftentimes of the militaries are not to supply troops to NATO or to supply troops in other hot spots around the world. They end up being police forces within their own countries, and that is where many of the abuses I believe Ms. Pelosi was talking about are highlighted and worthy of further discussion.

I am going to submit, Mr. Chairman, all of my questions for the record, and I would certainly appreciate a response from both the State Department and Department of Defense.

Mr. CALLAHAN. We will excuse you, Mr. Secretary.

Ms. PELOSI. Thank you, Mr. Secretary, for being here on this very difficult day.

Mr. SLOCOMBE. Thank you.

Ms. PELOSI. And I look forward to continuing our conversations on this. Again, with the recognition that our military training is valid, we are just worried about the abuses.

If Auburn were a medical school and you have got the wrong doctor, you would not be too happy at that.

Mr. CALLAHAN. She got the wrong doctor.

Mr. SLOCOMBE. Equally, we are committed to make sure we do not train people who have abused human rights in the past, and we certainly do not train them in anything that by any stretch of the imagination would teach them to do wrong.

Ms. PELOSI. Thank you, Mr. Chairman.

Mr. SLOCOMBE. Thank you.

Mr. CALLAHAN. All right.

Ms. PELOSI. May we ask our distinguished chairman, when did the plane turn around?

Mr. LEWIS. I just got the note just before I came in here. So it has been within the last hour.

Mr. NEWSOM. I was told just before I left the Department.

Ms. PELOSI. When we were at the briefing at the White House, they said that there was the chance that that would happen. That is very bad news.

Mr. NEWSOM. Mr. Chairman, would you like for me to respond to Mr. Jackson?

Mr. CALLAHAN. Oh, yes, very certainly so.

Mr. NEWSOM. On the question of laying out the foreign policy rationale or justification for the training activities, I was told by oth-

ers who appeared before other committees that this question had been raised, and so I looked into with the people who offered the report as to exactly why that is structured the way it is.

Perhaps there was something of a misunderstanding. Our reading of the language made us believe that you were looking for the overall justification and objectives established for the individual programs. There are over 51,000 individual activities. It did not seem reasonable that you would expect there to be a justification for each one of the 51,000 activities.

So that is the——

Ms. PELOSI. Too bad we did not have some kind of conversation.

Mr. NEWSOM. Yes. I asked were there any exchanges, to be sure everyone understood, and I was told there was not. So I regret that.

I was told at least you, Ms. Pelosi, were interested in the justifications for the training activities, at least in some selected problem countries. If my understanding is correct and it would help the situation, I would undertake, if your staff would identify countries of concern, that we would seek to do that for you.

Ms. PELOSI. But my concern is overall, but it is Mr. Jackson's time.

Mr. JACKSON. It is still my time.

Then help answer this question for me. Is it true that the Pentagon sidestepped the subcommittee's ban on funding to Indonesia with the JCET programs?

Mr. NEWSOM. That the Pentagon side-stepped the ban, yes.

Mr. JACKSON. On IMF funding to Indonesia with the JCET programs.

Mr. NEWSOM. Well, I suppose that depends on where you sit.

There was no legal prohibition on JCET activities in Indonesia. JCET activities are considered to be principally a training activity that benefits the United States forces.

There was a ban on IMET activities up to 1996, I believe, in Indonesia, so no IMET activities took place.

These are no co-equal types of activities. IMET activities are aimed at establishing contacts with militaries who try to cultivate American military values in these militaries. The training is generally almost always done in the United States. Only exceptionally is it done abroad, but the JCETs have a completely different purpose. So, from where I sit, the answer to your question or your statement there, Mr. Jackson, would be no.

Mr. LEWIS. Mr. Jackson, would you yield?

Mr. JACKSON. I would be happy to yield.

Mr. LEWIS. I am going to try to clarify this in my own head. I think at one place or another, there was a restriction on the IMET funding which is funded through this subcommittee. That same language, however, did not apply within the Defense Subcommittee or the Authorization Committee, and so it did not affect the JCET program, which come under our jurisdiction. I frankly did not realize this myself until a couple of weeks ago.

So apparently, JCET went forward, but the IMET programs were not funded. Is that right?

Mr. JACKSON. Thank you, gentlemen.

Ms. Pelosi, did you want some additional time?

Ms. PELOSI. I just would say that I think it was clear what the intent of Congress was on that subject, and I think you were duly embarrassed by the training of the Kopassus that took place in light of the Kopassus record, and that is all we are trying to say here. You know what the intent of Congress was. You had to know what the potential abuses were there—not the potential, but actual. So you go take an end run with JCET and then say you do not think that is circumventing the intent of Congress in terms of training the military there.

Just further on Mr. Jackson's point, when you lump the IMET training into large categories and it contains lots of acronyms and the rest for which you have no key, you are giving us data that is not really informative. So we may have to have some more conversations about what is in this report.

Sometimes it is a technique, a tactic, to just dump information which is not easily as discernible as it should be, without the justification that specifically is requested. Let us put the best intentions on what you were doing and say that perhaps as this unfolds, we can get the real information there.

Mr. LEWIS. Maybe in past administrations. Certainly not in this one.

Ms. PELOSI. Mr. Chairman——

Mr. LEWIS. I am kidding.

Ms. PELOSI [continuing]. You know that this subject was not something that only I had a personal interest in, and we talked about it in the committee only. This is an issue that is debated on the floor of the House every time our bill comes to the floor. Is that not right, Mr. Chairman? Indonesia, and IMET to Indonesia, has been a very high-profile issue in this Congress, and I think the military knew full well what the intent of Congress was in the strong vote that went in prohibiting IMET to Indonesia, but that is what hopefully we will be able to accomplish with this.

Mr. CALLAHAN. And then that is also why we developed an enhanced——

Ms. PELOSI. That is right, expanded on that, exactly.

Mr. JACKSON. Mr. Chairman, I would be happy to yield back my time. I know my time has long since expired.

Mr. CALLAHAN. We are going to let Ms. Kilpatrick get her 2 cents in here first.

Ms. KILPATRICK. Thank you, Mr. Chairman.

I am enjoying the conversation. I would yield to my distinguished colleague. [Laughter.]

Mr. JACKSON. I thank the gentlelady for yielding.

I just wanted to make a brief observation of an article that appeared in The Washington Post entitled "Free of Oversight: U.S. Military Trains Foreign Troops," and there was a quote from Wayne Downey, Commander of U.S. Special Forces Operations Command from 1993 to 1996, where he said, "There is definitely a political card at play with the JCETs. They are a direct instrument of U.S. foreign policy. They must be the most direct and most involved tangible physical part of U.S. foreign policy in certain countries."

So I would certainly want to associate myself with everything that Ms. Pelosi said with respect to our sensitivity and Congress' intent with respect to not being considered a side-swipe.

I thank you, Mr. Chairman.

I would be happy to yield the gentlelady back her time.

Ms. KILPATRICK. Thank you.

I yield my time to the Chair.

Mr. CALLAHAN. Ms. Pelosi.

Ms. PELOSI. Yes, Mr. Chairman.

It looks like we have a series of votes coming up. So maybe this being the day that it is, we should try to squeeze in as much before the vote as possible.

I want to ask some questions about Guatemala.

Welcome, sir.

GUATEMALA IMET

An analysis of the five-volume report indicates that Guatemalan fiscal year 1999 can expect funding for 25 IMET students in 14 different courses, the deployment of two mobile training teams to Guatemala, a separately funded course for students at the National Center for Hemispheric Defense studies, two students attending the U.S. Military Academy at West Point, and the deployment of U.S. forces in conjunction with JCET exercises in the country.

This is all taking place in the context of this subcommittee limiting Guatemala to expanded IMET only. With respect to IMET 1999 plans, they are sending seven students to the School of the Americas for three different courses, including two students for command and general staff course. Can you explain how these School of the Americas courses fit the definition of expanded IMET?

I will have some follow-up questions to that as well.

Mr. KELTZ. I think, first of all, the issue is how do you address professional military education, and does it fall within the definition of "expanded IMET" in terms of the exposure to U.S. democratic principles and processes?

Part of the training at those schools includes orientation and travel, specifically under an information program to expose them to democratic principles. So I am not clear where the concern arises with those particular curricula.

Ms. PELOSI. I think you do know because you answered the question in a manner in which you did.

What you are saying is that you are giving this expanded view of expanded IMET of something beyond the specifics which are allowed under expanded IMET to say, in general, if you are talking about a professional military, then that should be included under the expanded IMET?

Are you saying that what the School of the Americas teaches is expanded IMET, that their curriculum is expanded IMET?

Mr. KELTZ. Not the entire curriculum, no.

You said School of the Americas. I do not have that same listing.

What I do have is the American language course, civil military operations, command and general staff, as the IMET, a professional development course, democratic sustainment, officer basic courses and so on. I will be happy to try and further review that for you.

Ms. PELOSI. I would appreciate that.

How does the U.S. Army mobile training team deployment to Guatemala plan for fiscal year 1999 with IMET funds fit the definition of "expanded IMET"?

Mr. KELTZ. Well, again, you have me at a disadvantage, Ms. Pelosi. I do not have the specifics of that MTT, but I will be happy to get that for you.

Ms. PELOSI. We got this from you.

The fiscal year 1999 JCET deployments for the counter-narcotics purposes are for counter-narcotic purposes according to this report. This is for Guatemala still.

Can you explain what units of the Guatemalan army are involved and the training they are receiving for those counter-narcotic goals?

Mr. KELTZ. I have no information on that JCET.

Ms. PELOSI. Okay. Well, we will need to get those for the record as to Guatemala.

Mr. KELTZ. I will be happy to provide those for you.

Mr. CALLAHAN. We would like the responses to these questions, too, before we write our appropriation bill.

Mr. KELTZ. We will get those to you in several days, Mr. Chairman. We would be happy to.

Ms. PELOSI. May I continue, Mr. Chairman?

Mr. CALLAHAN. Yes.

Ms. PELOSI. This is just a point of information. The report indicates that over 150 individuals from many different countries attend West Point, the Naval Academy, the Air Force Academy, under service-sponsored academy exchanges. Does DOD pay for that many scholarships to our service academies?

I am sure you will be happy to give a justification.

Mr. KELTZ. We waive tuition to those countries that provide reciprocal training for our military personnel. So, in the main, yes, we do.

Ms. PELOSI. You waive the——

Mr. KELTZ. That is correct, but only when there is reciprocity.

Ms. PELOSI. Only when there is reciprocity. So, in your view, there is no opportunity cost for other people in our country who would want to attend those institutions.

Mr. KELTZ. That is the intent, yes.

Ms. PELOSI. Okay. Let me just see. I did not realize I was going to have this much time for questions, Mr. Chairman, but I am always happy to do that.

Mr. CALLAHAN. She complains if I cut her off, and she complains when I give her too much time.

Ms. PELOSI. Did you take my questions? [Laughter.]

I think that there are many of our colleagues who have questions about IMET. That is why expanded IMET was developed, and we do not want to see that used as an umbrella under which to put regular IMET.

Again, I will come back to the point that we do not have to have a problem here. I think you invite the problem when you keep the information from Congress, and then you get publicly embarrassed by something like the Kopassus situation.

Congress has tried to make information available. Members have tried to make information available to the administration that bad things are being done with our money, our training, our anointing these people in these countries as somebody who has some association with the United States and that they are proceeding in a manner that we would not be proud of.

So I hope that we can work together. I am hoping very much that we can work together because otherwise we are going to have this argument all the time, and I do not really think that it is necessary.

JCET REPORT

The JCET report indicates that the armed forces of a country in North Africa will travel to Turkey to receive JCET training from U.S. forces. Can you explain why this is happening? Who pays for the transportation cost for the foreign troops? Is this a common practice? Are Turkish troops participating in this training? Are you aware of that? It is in your report.

Mr. KELTZ. There are a total of some 51,000 individual events. I have not focused on that one particularly. I will be happy to take the question for the record.

Ms. PELOSI. Well, it seems like every question I ask is one that seems to be very unusual, but to me they just leap out because they were the most notorious in talking about Indonesia, Guatemala, Colombia, and some of these others, especially as relates to a country like Turkey.

Let me just ask you about readiness. The state of readiness of our armed forces is not what we would all like it to be, according to many in Congress and the Pentagon.

Intelligence and defense-related committees have heard that we are stretched thin from Pentagon witnesses. We have arrived at this stage because of inadequate budgets and the deployment of too many U.S. troops to too many foreign countries for too long, according to some congressional experts.

It is stated that training does not affect OP TEMPO or morale. Can you quantify for me the number of troops deployed, the time frame for these deployments, and how the foreign training affects our own training regime? How many U.S. troops in total have been deployed for training of foreign troops in the past 2 years, and from how many different units, for the record?

Mr. KELTZ. Would you like me to——

Ms. PELOSI. Well, I think, Mr. Chairman, what we are going to do is establish a dialogue on the subject so that when we ask for a report, it comes back in a way that is serviceable.

Our chairman of the Defense Committee argues strongly. I do not think you already get a status quo in terms of the violations that have taken place, but I do not disagree that there is a role that is here.

I think that because of public pressure, Congressional pressure, they did change the curriculum at the School of the Americas. Should there be such a school? Maybe so. Should this school revamp itself? Maybe so because it has a bad reputation from the past, but what we want to do is work together on it. We should not even have to worry about this. It makes all the sense in the world

to have these lines of communication, but let us not fool ourselves. Let us not do to it sustain regimes just because we want to have some communications and liaisons with the military. That may not be in our country's best interest.

So, on one hand, I see what the goal is. On the other hand, there are qualifications that should disqualify that from happening with certain countries. The message is Congress is alert to this. We know what is going on out there, one way or another, and the JCET to Kopassus might be something that you think was consistent with the intent of Congress, that is not what people thought happened on the floor of Congress here over and over again when we have voted against the IMET for Indonesia.

Because this is such a miserable day that our young people are going to be put in harm's way probably—I guess that is the indication from the plane turning around—I know that everyone is preoccupied with that, and justifiably so.

So I will submit my other questions.

Mr. LEWIS. Would the gentlelady yield for an interruption?

Ms. PELOSI. I would be pleased to yield.

Mr. LEWIS. Since I have not focused on this lately, it has been surprising to me that as I reiterate that 90 percent of this kind of training actions are going through for military sales. So the remainder of 10 percent really is kind of a combination of IMET and JCET. Probably, if there is $100 million left of that, 20 of it is in my bill and the rest is in foreign operations.

If we really want to get a handle on this, we should tap people like Sanford Bishop who has the school in his district. Also, it seems to me that we ought to have a task force of people who are interested within the Congress to try to figure out where this dialogue really should go, rather than just presuming if we close the school down and then re-create it somewhere else, or close it down, period, it might be better.

In other words, if there is real value from this kind of exposure by osmosis, if nothing else, for potential foreign military leaders, I do not think one can discard it lightly. I know it is not your intent to do so, but they can report back every year, administration after administration, and the debate would go on. These issues, I do not think are partisan issues. So if we just absolutely commit ourselves to doing something, it might have a positive effect.

Ms. PELOSI. Well, I think with your attitude, that is very possible.

But, Mr. Chairman, you are obviously protecting your turf, and justifiably so, with JCET being under the Defense Appropriations Subcommittee. Recognizing that the Congress voted in heated debate against IMET for Indonesia and it was a clear message about what Congress was doing, would that be something that you think is appropriate for the Pentagon to run them in the JCET program in our committee with no notification to Congress? They got caught because Kopassus was so outrageous, and then they withdrew the engagement with them, but is that something that you would be supportive of, that you would think that without any informing of you or Congress that——

Mr. LEWIS. Without a blanket saying yes, I think it is great that they did that by passage, because they got a program forward that

was my turf, I would instead say that there was a clear debate. There was a discussion. There was clear interest on the part of Congress. Whether it is IMET that was mentioned or IMET plus other programs that ought to be considered, there should be discussion, without any question, but I do not think as a result of that debate in any way, shape or form, our committee would really change its position on JCET.

Ms. PELOSI. But you might say that they do not want you going off and doing Kopassus and training people——

Mr. LEWIS. When the Secretary was here, he somewhat gave a commentary regarding Kopassus and what happened there. It was a little different from what I have heard since then, and I must say I would have to know more about what he has to say before I make a final judgment, but in the meantime——

Ms. PELOSI. Secretary Slocombe.

Mr. LEWIS. When he was here, I thought at least he was saying, "Hey, wait a minute. If all that you are suggesting is accurate, then maybe I would want to reconsider, but I see some positive things." I thought I heard that. I may be wrong. I will have to review the record.

In the meantime, the real point is that there is a question here that can be benefited by effective congressional oversight, and our two committees ought to join together and see what we can do.

Mr. CALLAHAN. Let me bring out another factor here, too, and that is I do not think the State Department nor the Defense Department has willfully violated the intent of Congress because I think the authorizing committees has given them the authority to do that.

We are appropriators. The authorizing committees—we have JCET and we have IMET and we have enhanced IMET, and we fund those programs. If there indeed is a problem with the permissiveness as outlined by the authorizers, then they are the ones who should correct that, not this committee.

Mr. LEWIS. Mr. Chairman, I want my report language to have the weight of law, no matter what.

Mr. CALLAHAN. And it does, but I shy away from that.

Let me once again congratulate the gentlelady from California. You are the voice of the people who have great concern about human rights violations, and I applaud you for forcing the administration to comment on their report, the problems that you perceive to exist in some areas of the world. And if we are contributing to those problems by giving them monies, well, then we will stop giving them monies, but I appreciate also you all coming today.

So, with that, unless you want to come back, we will just adjourn for the day.

Ms. PELOSI. Thank you, Mr. Chairman.

[Questions and answers for the record follow:]

QUESTIONS FOR THE RECORD SUBMITTED BY CHAIRMAN CALLAHAN

AUTHORITIES FOR FOREIGN MILITARY TRAINING

Question. Secretary Slocombe, could you summarize the provisions of existing law that authorize the Department of Defense and the Department of State to engage in foreign military training? Were any of these authorities modified during the past sessions of Congress? If so, in what way?

Answer. The provisions of existing law that authorize the Departments of Defense and State to engage in foreign military training include: Chapter 5, section 541, Foreign Assistance Act (FAA) (IMET program, including activities conducted by the Defense Intelligence Agency and National Imagery and Mapping Agency funded by IMET), section 21 of the Arms Export Control Act (AECA) (training purchased under the Foreign Military Sales system), sections 506 and 552(c)(2) of the FAA (training provided under drawdown authorities—specific drawdown legislation could also authorize provision of training), section 1004, National Defense Authorization Act (NDAA) for fiscal year 1991, and section 1033, NDAA for fiscal year 1998 (counter-drug training), 10 U.S.C. §401 (humanitarian demining training), 10 U.S.C. § 1595 and various NDAA provisions (George C. Marshall Center for Studies and related security studies centers for the African, Western Hemisphere, and Asia-Pacific regions), 10 U.S.C. §§4344, 6957, 9344 (Service Academy Foreign Student Program), section 30A AECA (authority to conduct unit exchanges by the military services), 10 U.S.C. §9381 (Aviation Leadership Program), 10 U.S.C. § 168 (National Guard State Partnership Program), 10 U.S.C. §2011 (Joint Combined Exchange Training, which is a training program primarily for U.S., not foreign, personnel).

10 U.S.C. §2011 was amended during the fiscal year 1999 legislative cycle to include a requirement that the Secretary of Defense approve all proposed Joint Combined Exchange Training activities.

Safeguards on Use of Funds in Both Bills

Question: Funds appropriated through the Foreign Operations subcommittee are subject to the so-called Leahy amendment, which prohibits funds for the security forces of a country if those security forces have been engaged in violations of human rights. Are there similar restrictions that apply to the funds appropriated through the Defense subcommittees? If so, can I assume that there is no danger that the Department of Defense would attempt to get around this provision in the Foreign Operations bill by using funds appropriated through the Defense subcommittee?

Answer. We have not and will not attempt to "get around" any statute or clear congressional directive through any means. We have attempted to make our activities as transparent as possible and will continue to work with the subcommittee to satisfy its concerns. There are two so-called "Leahy Amendments," one typically included in the annual Foreign Operations Appropriations Act and the other included in the FY99 Defense Appropriations Act. The requirements of each amendment are applied to activities governed under the respective appropriations acts. The amendments are not identical. The difference attempts to recognize that foreign military training conducted with DoD funds, under specific authorities, is of special benefit to U.S. personnel and U.S. interests. Foreign military training conducted under State Department authorities and programs (and funded by the Foreign Operations Acts) may not always have the same direct benefit to U.S. forces. The differences between the two Leahy amendments and their application are directly related to the difference between training that is purely foreign assistance and training that may include benefits to the U.S. Regardless of differences between the two "Leahy Amendments," all foreign military training activities are conducted pursuant to specific authorization by law.

Allocation of Resources and Appropriated Funds

Question. Secretary Slocombe, in your testimony you indicate that the value of the training identified in the report "exceeds $800 million". Earlier, we were told that the value of the training was approximately $1 billion. In addition, you indicate that it is difficult to determine how much this total is appropriated, but that the vast majority of the funds are associated with the Foreign Military Sales program, or FMS, and thus include a great deal of funds committed by the host country.

Can you be more precise about the funding levels? How much of these funds are associated with appropriations through the Foreign Operations Subcommittee, and how much are appropriated through the Defense Subcommittee?

Answer. Of the approximately $808 million in training included in the Foreign Military Training Report (52,000+ discrete activities), only about three percent in value was conducted under DoD authorities. The remaining 97 percent in value fell under security assistance mechanisms (e.g., IMET, FMS), and therefore under the cognizance of the Appropriations Subcommittee on Foreign Operations. The vast majority falls under the Foreign Military Sales system, with financing from various sources including: host nation funds; Foreign Military Financing (FMF) grants; FMF loans; International Narcotics and Law Enforcement (INL) funds; or drawdown authorities. Unfortunately, while we can identify the funding source for any individual

entry, the data configuration does not allow us to do so for the aggregate totals. We are examining ways to track and report such information for the future.

DECISIONS ON TRAINING

Question: One of the concerns members have had about the foreign military training is the impression that no one is coordinating the decisions on where and how training will occur around the world. Can you provide us with an explanation of how decisions to engage in training are made for a particular country, and how the Department of State provides input into these decisions? Perhaps using the special forces training program as an example makes the most sense, given the level of concern about these activities.

Answer. The special forces training program included in the Foreign Military Training Report was the Joint Combined Exchange Training (JCET) program. The primary purpose of this program is to train U.S. Special Operations Forces (SOF), not foreign military personnel. Nonetheless, the decision process for these activities does provide an example of State Department involvement in development of annual training plans.

As a preliminary matter, U.S. SOF units determine their Mission Essential tasks—the individual steps necessary to accomplish the range of missions they could be assigned. Theater SOF commands and CINC SOCOM hold an annual JCET conference which finalizes proposed JCET training plans, including countries, dates and types of training proposed. Tasks that require, or would benefit from, training in a foreign country are discussed with the regional CINCs for possible inclusion with their respective theater engagement plans. At this point, there is enough information about the proposed training activity for appropriate U.S. embassies to be informally alerted to SOF requests for JCET activities in their countries. In practice, relevant embassy country teams are working with the CINCs' staffs virtually from the beginning of the planning process.

Proposed JCET training plans are then formally transmitted to appropriate U.S. embassies and Main State for human rights review and coordination. Embassies then advise the theater CINCs, SOCOM, and OSD, as appropriate, of any derogatory information they may have regarding the human rights records of foreign forces with which training is proposed.

If an embassy determines that units or individuals selected for U.S. training have committed gross violations of human rights one of two processes will ensue. Note: DoD policy is that a non-military member of the country team must make the determination.

Under section 568 of the FY99 Foreign Operations Appropriations Act, the Department of State will not dispense security assistance unless the Secretary of States determines and reports to Congress that the host government is taking effective measures to bring the perpetrators to justice. If training funds are withheld pursuant to section 568, the Secretary of State will inform the host government of the basis for the decision, and "to the maximum extent practicable," will assist the host government in taking effective measures to bring those responsible to justice. Until these actions are completed, security assistance may not be dispensed.

Section 8130 of the FY99 Defense Appropriations Act codified existing DoD policy that prohibited use of DoD funds to train foreign security units whose members have committed gross violations of human rights. If DoD receives credible information from the State Department that foreign security forces or members of the unit(s) DoD plans to train have committed gross violations of human rights, the training will not proceed unless all necessary corrective steps have been taken. "Corrective steps" may include adjusting host-nation participation, either by training with forces not implicated in gross violations of human rights or by removing the human rights violator from the unit(s) proposed to be trained. Once such corrective steps have been taken, DoD will proceed with the proposed training.

The Department will apply the "corrective steps" standard carefully. DoD procedures require the U.S. ambassador to concur that the corrective measures taken by host-nation security forces are adequate. In addition, all training conducted in the wake of such corrective measures must be reported to the Office of the Secretary of Defense. These safeguards will ensure rigorous implementation of the "corrective steps" standard.

DoD policy, as reflected in section 8130, is appropriate for DoD-funded training because the primary beneficiaries of combined training activities are often U.S. personnel, and overall readiness of U.S. forces. Moreover, many of these training events strengthen important U.S. programs such as humanitarian demining and counterdrug support.

OTHER REPORTING REQUIREMENTS

Question. The transmittal letter accompanying the military training report that was submitted to us on March 5 indicated that the Administration is required to submit other reports on certain aspects of foreign military training?

What are these other reports? Are they provided pursuant to law? Who receives them?

Answer. In general, the Department has responded to a number of requests for briefings on training activities, and has included information on training as part of regular budget briefings to congressional staff. This is especially true with respect to counternarcotics oversight briefings. The most significant statutory reporting requirement related to the subcommittee's concerns is the annual report on Joint Combined Exchange Training (JCET) provided under 10 U.S.C. §2011(e).

QUESTIONS FOR THE RECORD SUBMITTED BY MR. FORBES

Question. Under Secretary Slocombe, with the breakup of the Soviet Union and gradual democratization of much of the third world, military training missions have become increasingly busy. Do you see any problems associated with the increased deployments of military personnel on such missions overseas? Are these problems of local resentment of U.S. Troops as we see with the peacekeeping mission in Bosnia? Do such feelings pose a physical threat to our troops? Do you, or Mr. Newsom, fee that this poses a diplomatic problem that may hurt the purpose of such missions?

Answer. In general, US training activities are not as visible or politically symbolic as large exercises as peackeeping missions. Therefore, if training were to be conducted as an "anti-American" area, it is not obvious that potential opponents would even know the activity was taking place. But this is the exception: anecdotal evidence from the commands suggests that we end up turning down many more requests for training than we accept in the many new democracies.

The situation in each country, perhaps even in each training activity, is different, I should say from the outset that in the event local sentiment turns hostile toward Americans during the pendancy of a training activity, the activity may be relocated or cancelled entirely at the request of the US side to protect our personnel. It should be self-evident that we do not send US personnel into an unstable situation merely to conduct a training activity alone. The regional CINCs are charged with protection of our forces in all their deployments aboard. CINC security personnel work with State Department Regional Security Officers and others to ensure that if US personnel deploy to a tense area, the importance of their mission—be it training or something else—is consistent with the level of risk.

Question. Mr. Slocombe, what asset in the US military do you consider best serves the needs of military training? Does this require additional support from Congress?

Answer. The best asset we can call on to achieve any of our missions is the men and women of the US armed forces. Both the Administration and the Congress have announced their intent to improve military pay and benefits during the fiscal year 2000 appropriations cycle. This is the most meaningful way in which either you in the Congress or we in the Executive Branch can show our service members that we appreciate what an asset they truly are.

Question. Mr. Slocombe, what is the most frequently requested type of military training assistance? Is it different from the asset you just described? Do we possess enough people capable of delivering this type of training? Do we have enough surplus arms to give to foreign militaries to conduct this training?

Answer. The most frequently requested type of training relates to maintenance and operational training support associated with foreign equipment purchases under the FMS system.

QUESTIONS FOR THE RECORD SUBMITTED BY MS. PELOSI

BENIN TRAINING

Question. To illustrate the difficulty we have had in getting the kind if information we were looking for from this report I would call your attention to an item in Volume III. With respect to the country of Benin the report indicates that an MTT will take place sometime in 1999 costing $1,037,048 for Miscellaneous Operations where one member of Benin's Army will be trained. I assume there is a more descriptive explanation for this planned activity.

Answer. Mobile Training Teams (MTTs) never train just one individual; typically, they train 20–30 students at one time. Because this MTT is a projected future activity, the exact number of students to be trained is unknown. The number 1 was sim-

ply used as a placeholder in the report database until the final number is known. The report represents a statistical "snapshot" of training activities underway or planned as of December 1998. DoD components were directed to report national plans for 1999 training activities even if some of planning elements were incomplete at that time. The scope of the report and the time available to complete it necessitated certain formatting decisions that resulted in the anomaly described in this question.

COLOMBIA

Question. The subcommittee spent considerable time discussing the deployment of US special forces to Columbia to train a Counter narcotics battalion of the Colombian Army in our recent Security Assistance hearing. This is an instance where decisions have been made by the Administration which have overwhelming foreign policy implications and in which Congress has had no role.

In addition to this program the report before us shows significant amounts spent for both IMET and Other security assistance training, which we expect in conjunction with our counter narcotics program. However, the report also indicated that in 1998 nine different JCET deployments occurred training 450 Colombian personnel at a cost of $1.2 million. In 1999 25 different JCET deployments are planned costing over $3 million benefiting well over 1,000 different personnel from all branches of the Colombian military as well as the police. What benefits do US troops gain from this level of engagement with one country?

In our prior hearing the DOD witness indicated that the decision to train this battalion had not been finalized, and that this somehow justified the lack of Congressional consultation. Since the first deployment of our trainers is expected as soon as April, can you indicate the status of our policy and indicate when, if all, Congress will be consulted.

Answer. DoD conducted only one Joint Combined Exchange Training mission in Colombia during 1998 and nine counterdrug (CD) missions. Whether deploying to conduct JCETs or CD missions, SOF personnel enhance their language abilities, cultural awareness, and operational skills. However, JCETs and DoD counterdrug missions differ in who is intended to receive the benefit of training. In CD missions, Colombian counterdrug forces, rather than our deployed SOF, are the intended beneficiary of the training. CD missions are designed to improve Colombian counterdrug unit's ability to detect, monitor, and interdict drug trafficking and support the U.S. National Drug Control Strategy. The level of effort given to Colombia directly relates to the level of drug threat presented by known drug trafficking. Because the drug threat to the United States posed by activities in Colombia continues to increase (due in large part to interdiction successes elsewhere in theater), the level of effort in Colombia will continue to increase.

The Colombian CD battalion concept emerged from discussions between USSOUTHCOM and the Colombian Ministry of Defense and between Presidents Clinton and Pastrana in October 1998. Throughout the evolution of the CD battalion concept, DoD communicated with congressional staff having oversight of DoD counterdrug authorities. In March 1999, when the CD battalion concept took on consistent form and substance, we formally briefed the Congress. Then as now, DoD supports the training and non-lethal equipping of a human rights vetted, Colombian light infantry battalion dedicated to counterdrug operations focused in the heart of the Source Zone. We undertake these activities pursuant to specific legal authorization.

Question. Can you explain how the deployment of 20 US Special forces for 90 days to one location in Colombia to provide basic training to Colombian Army recruits will benefit the readiness of the US armed forces?

Answer. Special Forces soldiers benefit each time they deploy into a potential theater of operations through enhancement of their language, cultural awareness, and operational skills. With each deployment SOF members increases their understanding of the area of operations and expand the host-nation's ability to act in concert with the United States.

Question. There are no resources budgeted to equip this counter narcotics battalion to my knowledge from our budget. Clearly the Colombians expect this unit to have modern equipment and to have an air mobile capability. Where are those resources going to come from?

Answer. DoD will use service Operations and Maintenance funds under the control of US SOUTHCOM to conduct training of the unit pursuant to section 1004 of the National Defense Authorization Act (NDAA) for 1991. DoD will provide $3.5 million in modern, non-lethal equipment to the CD battalion pursuant to section 1033 of the NDAA for 1998. DoD has encouraged the Colombian military to identify long-

term sources of national funds to meet its mobility needs since DoD has neither the authority or the resources to acquire helicopters for Colombia. In our discussions with the Colombian Ministry of Defense, we have recommended that the battalion's mobility requirements be met with current Colombian Air Force, Army, and National Police rotary wing assets.

Question. Explain the different standards used to vet Colombians personnel receiving training from US government sources?

Answer. The term "vetting" refers to the process where U.S. Embassies and the Department of State review the available data on host nation security forces, and members of such forces, for information on gross violations of human rights. The DoD does not conduct or participate in the vetting process. The details of the vetting process are accomplished at the relevant U.S. Embassy. The vetting process starts at the relevant U.S. Embassy when the host nation identifies the security force, or the individual, that is going to be trained, receive equipment, or train with U.S. forces. The organization and management of the vetting process may vary by embassy, because each ambassador can establish his/her embassy internal procedures and may assign responsibilities for vetting within the country team differently. The resulting human rights review information is provided by the embassies to the Department of State and to the appropriate DoD agency for action. Essentially, there is no difference between the vetting process for assistance provided under foreign operations authorities and the vetting process for training activities conducted under defense authorities.

Under DoD-funded training activities, if the embassy notifies the regional CINC that the Department of State has credible information of gross human rights violations by a host nation security force, or a member of such a force, with which the DoD was planning to train, then before the training activity may proceed all necessary corrective steps must be taken. This process was codified in section 8130 of the FY99 Defense Appropriations Act. Under DoD policy, in cases when we receive credible information from the Department of State that a member of such a unit has committed a gross violation of human rights, the application of "corrective steps" can include adjustments to the host nation participants, which could be made either by training with a host nation security unit not implicated in human rights violations, or by removing the identified violator/s from the units to be trained. Once these corrective steps have been taken, DoD can proceed with the training.

Service Sponsored Academy Scholarships

Question. [Handelman] The report indicates that over 150 individuals from many different countries attend West Point, the Naval Academy or the Air Force Academy under "Service sponsored, Academy exchanges". Does DOD pay for that many scholarships to our Service Academies and what is the justification?

Do these scholarships displace otherwise worthy candidates from this country?

Answer. The service academy foreign student program is conducted pursuant to sections 4344, 6957, 9344 of title 10. Another more limited exchange program is conducted by the U.S. Air Force Academy. Up to forty foreign students may attend each academy at any one time, subject to the same admissions standards prescribed for U.S. citizens. Admission of the foreign students is not required: the academies measure the quality of the foreign applicant pool against the quality of the U.S. pool and issue acceptances accordingly. Thus, it is not necessarily the case that the foreign students' presence displaces a "worthy" American applicant, although they could displace a lesser qualified U.S. applicant. Decisions on admission qualifications are left entirely to the academies.

The foreign students participate in the full, four-year program of study. The Secretary of Defense is authorized to waive full tuition for up to five foreign students per academy at any one time; in addition, up to 35% of tuition can be waived for the balance of the foreign cadre. The current limits were enacted for fiscal year 1998; the Secretary was previously authorized to waive all costs for up to all forty foreign students permitted to attend each academy at any one time. In response to the fiscal year 1998 restrictions, the Department revised the criteria governing cost waivers to better reflect current U.S. national security and foreign policy interests.

The foreign student program affords U.S. cadets and midshipmen exposure to highly qualified potential foreign military leaders, while facilitating military-to-military relationships. The program is strongly supported by the academy superintendents and OSD from both educational and foreign policy perspectives. The flexibility to support foreign student attendance through the waiver authority has proven to be a key factor in generating interest in the program and the Department is seeking to restore some of the pre-1998 flexibility.

INDONESIA

Question. Recent news articles have highlighted JCET deployments to Indonesia as a primary example of a significant foreign policy decision being made by the Administration without Congress being informed. Mr. Slocombe in your statement you deny ignoring the letter or spirit of the law, or that you evaded Congressional oversight. I would like you to respond to the case of Indonesia specifically. As you know Congress through this subcommmittee acted to prohibit IMET training to Indonesia starting in the late 1980's. The DOD in the early 1990's offered Indonesia the opportunity to buy IMET training without informing Congress. Indonesia has continued to be eligible for expanded IMET only since the early 1990. Despite these restrictions the DOD through the JCET deployments started an aggressive training program with the Indonesian Army and its intelligence forces. Congress has consistently expressed its concerns about the behavior of those forces, particularly in East Timor. We could debate the usefulness of this training in making the Indonesian Army more professional, but first I would ask, do you think that DOD was responsive to Congress in keeping them informed as you moved forward with the JCET and other training programs?

Answer. The Department of Defense has been responsive to requests from Congress for information on training activities in Indonesia. For example, Representative Lane Evans requested information on this subject on two occasions and the Deputy Secretary of Defense responded in detail on February 13th and July 15th of 1998. Also, during the spring and summer of 1998 the Assistant Secretary of Defense for International Security Affairs (ASD/ISA) provided a series of briefings to Congressional staff members on training in Indonesia and the basis for the Joint Combined Exchange Training (JCET) activities. During a formal hearing before the International Operations and Human Rights Subcommittee of the House International Relations Committee on July 24, 1998, the DoD witness, ASD/ISA, addressed the fact that DoD training activities in Indonesia (including all JCETs) were "on hold." It is also important to note that JCET activities are not within the IMET umbrella, so restrictions imposed by Congress on IMET did not affect DoD plans for the JCET program.

Question. Given the recent events in Indonesia and the involvement of the Army and intelligence forces in putting down riots and possibly interfering with the emerging political parties, how do you assess the affect of our training?

Answer. The Department firmly supports the principle that we should not train foreign security units whose members have been credibly implicated in gross violations of human rights, unless all necessary corrective steps have been taken. This policy was codified in Section 8130 of the FY99 Defense Appropriations Act. The Department abhors the killing of civilians in Indonesia during the disturbances. During JCET activities we instruct counterparts on human rights and appropriate behavior of military forces in both conventional and unconventional situations. Nevertheless, in Indonesia and elsewhere, host nation forces engaged in riot control or other stressful sometimes do not adhere to every principle, or retain the discipline, they may have been taught during activities with U.S. forces.

Overall, we feel that these training activities have certainly not hurt, and have likely helped the situation in Indonesia. In many cases, although clearly not all, the security forces have acted professionally and with restraint as they struggle to maintain order. Further, the Army leadership has been clear and public with its support of free and fair elections and has instructed all its members to not get involved in the elections and to stay removed from politics.

It would be incorrect to claim that positive statements by military officials are the direct result of their participation in JCET or other U.S. training activities. However, neither is it correct to suggest that violence against civilians by some members of foreign militaries results from, or is even facilitated by, exposure to U.S. training activities under JCET or other programs.

Question. Was Congress informed of your apparent decision in May of 1998 to cease JCET activity in Indonesia, and if so, how were they informed?

Answer. During the spring and summer of 1998 the Assistant Secretary of Defense for International Security Affairs provided a series of briefings to Congressional staff members on DoD training in Indonesia, to include the basis for Joint Combined Exchange Training (JCET) program activities in Indonesia. The moratorium on training activities in Indonesia was covered in those briefings. The cessation of JCET activities in May 8, 1998, was also noted in the information the Deputy Secretary of Defense provided in his response on July 15, 1998 to Representative Lane Evans who had requested data on DoD training activities in Indonesia. During a formal hearing before the International Operations and Human Rights Subcommittee of the House International Relations Committee on July 24, 1998, the

Assistant Secretary of Defense for International Security Affairs addressed the fact that DoD training activities in Indonesia (including all JCETs) were "on hold."

All DoD bilateral activities with Indonesia have been conducted in accordance with the law. The DoD has never attempted to circumvent the will of the Congress regarding our training activities in Indonesia. Although Congress prohibited IMET funding for Indonesia from fiscal year 1993 to Fiscal Year 1996, other forms of bilateral military interaction, including foreign military sales of training and exercises, were not proscribed. 10 U.S.C. §2011 authorizes U.S. Special Operations Forces to conduct training with friendly forces abroad, including Indonesia. The Department has reported to Congress on section 2011 activities, in Indonesia and worldwide, as required.

DoD officials have consistently indicated that we remained engaged with the Indonesia military, until 8 May 1998, through a variety of exchanges, exercises, visits, and training activities. We have not attempted to hide that fact. To the contrary, we have sought to articulate why the pursuit of such an interaction is an important component of our East Asian security strategy.

JCET Training in Other Countries

Question. The JCET report indicates that the Armed forces of a country in Northern Africa will travel to Turkey to receive JCET training from U.S. forces. Can you explain why this is happening? Who pays for the transportation costs for the foreign troops? Is this a common practice? Are Turkish troops participating in this training?

Answer. The JCET portion of the Military Training report contains an error that could create the impression the Tunisian forces are training with Turkish forces (page CL–II–40). There were two exercises that should have reflected Turkey as the country vice Tunisia. U.S. Special Operations Forces (SEAL Team-4) trained, in Turkey, with Turkish SEALs during the period October 4–28, 1997. U.S. Special Operations Forces (3/10 SFG) trained, in Turkey, with Turkish Commandos during the period August 6–21, 1998. We regret any confusion by the error.

Readiness

Question. The state of readiness of our Armed Forces is deplorable according to many in Congress and at the Pentagon. Intelligence and Defense related committees have heard that we are "stretched thin" from Pentagon witnesses. We have arrived at this state because of inadequate budgets and the deployment of too many US troops to too many foreign countries for too long, according to some "Congressional experts". You have stated that training does not affect OP TEMPO or morale. Can you quantify for me the number of troops deployed, the time frame of those deployments and how that foreign training affects a unit's own training regime?

How many US troops in total have been deployed for training of foreign troops in the past two years from how many different units?

Answer. We are not able to quantify numbers of US troops deployed on training missions or the time-frames for those deployments in a timely fashion. Such information is not recorded in a central location—or even in a finite number of primary locations around the world—and would need to be developed virtually by hand.

The reason that we know foreign training does not affect OPTEMPO or morale is that foreign training, in nearly all respects, is part of the regular job description for those service members who perform this function. When OPTEMPO and morale among our forces becomes strained it is the result of unplanned contingency deployments away from their current stations for extended periods. A US service member who is deployed to perform foreign training might well be stationed abroad, and might well be displeased by that fact. However, the service member's overseas posting is almost never for the express purpose of training foreign military personnel. In other words, his morale might be strained whether or not foreign training was part of his job. Moreover, his actual training deployment would rarely be on anything other than a scheduled basis. Indeed CINC's regional engagement plans are developed for an entire upcoming year: in virtually no case can a US service member be deployed "by surprise" for the singular purpose of foreign military training.

Another reason that training of foreign military personnel does not drain readiness is because it is the regional CINCs, the commanders literally "on the front lines," who consistently place training at the top of their regional engagement strategies. A CINC who feels that training is impinging on the resources necessary for his primary mission is always free to either cancel scheduled training events, or to direct his staff to developed a scaled-down foreign training program for the future. I can assure the subcommittee that if a regional CINC is presented with a choice between devoting resources to foreign training or providing pilots sufficient flight hours to maintain combat proficiency, the flight hours will always win.

GUATEMALA

Question. (DSCA–LPP) An analysis of the five volume report indicates that Guatemala in FY 1999 can expect funding for 25 IMET students in 14 different courses, the deployment of two Mole (Mobile?) Training teams to Guatemala, a separately funded course for 4 students at the National Center for Hemispheric Defense studies, two students attending the US Military Academy at West Point and the deployment of US forces in conjunction with JCET exercises in country. This all is taking place in the context of this subcommittee limiting Guatemala to expanded IMET only in 1999.

With respect to IMET in 1999, plans include sending 7 students to the School of the Americas for 3 different courses including 2 students to the Command and General staff course. Can you explain how these Schools of the Americas courses fit the definition of expanded IMET?

How does US Army Mobile Training Team deployment to Guatemala planned for FY 1999 with IMET funds fit the definition of expanded IMET?

The FY 1999 JCET deployments are for counternarcotics purposes according to the report. Can you explain what units of the Guatemalan Army are involved and how the training they are receiving fulfills counter narcotics goals?

Answers. Before responding to the specific questions included in this section, two important points must be made. First, the Department has explained that the Foreign Military Training Report constituted a "snapshot" of DoD and State Department training plans as of December 1998. The numbers included in the report for FY99 activities were notional at best. Second, U.S. support for Guatemalan participation in NDU or U.S. Military Academy programs is provided pursuant to law and funded with appropriate DoD resources. Foreign participation in the Department of Defense's regional centers for security studies (Western Hemisphere Center, Marshal Center for European studies, Africa and Asia-Pacific centers), and in our undergraduate military education programs through the U.S. service academies are among the most valuable means we have to immerse foreign officers and future leaders in our professional military culture.

(1) There are no Military Training Team deployments to Guatemala scheduled for FY99, Military Training Teams carry out general IMET education functions. There are three Military Education Team deployments scheduled for Guatemala in FY99, dealing with civil military relations, defense resource management and disaster relief, respectively. The Military Education Team concept was developed specifically to carry out E–IMET programs.

(2) The US Army School of the Americas (USARSA) curriculum includes E–IMET-certified courses. Thus, the attendance of Guatemalan personnel at USARSA during FY99 is not contrary to the FY99 Foreign Operations Appropriations Act restriction of IMET to Guatemala (provided that they attend only E–IMET courses, which will be the case). The year-long USARSA Command and General Staff Course has been approved as an E–IMET course of study since it includes over 200 hours of human rights-related activities. Thus, the participation of Guatemalan officers in this course is not contrary to the FY99 Foreign Operations Appropriations Act restriction on IMET to Guatemala.

(3) The JCET references to counter-narcotics activities may have been for planning purposes, or may indeed have been an error on the part of US SOCOM. It is now DoD policy not to conduct JCET activities for counter-narcotics purposes. Experience has shown that few counter-narcotics tasks directly related to the Mission Essential Tasks of U.S. SOF personnel. JCET training is for the primary purpose of improving SOF personnel readiness to execute mission essential tasks.

ALLOCATION OF RESOURCES AND APPROPRIATED FUNDS

Question. The report contains a large category of training entitled Other Security-Assistance Managed Training which contains training activity from a number of different sources. What are the different sources of funding and why are they lumped in one large category.

Answer. The structure of the security assistance portion of the report was driven primarily by the parameters of the existing security assistance record-keeping system maintained by the Defense Institute for Security Assistance Management (DISAM) located at Wright-Patterson Air Force Base. DISAM collects data on the security activities overseen jointly by the various Defense and State policy components, and executed by the Defense Security Cooperation Agency.

Specifically, we are able to break out the IMET-funded portion of security assistance-related training because it is recorded separately. Training that is funded through the Foreign Military Sales (FMS) system cannot be broken down into separate categories because the DISAM database does not identify the source of funding

for such training (or, for that matter, any of the other defense articles or services that may be purchased under the FMS system). As you know, purchases under FMS may be funded through U.S. grant assistance (Foreign Military Financing [FMF]), loans underwritten by the U.S., or through foreign countries' own resources. As I noted in my prepared statement, we have already recognized the usefulness of being able to distinguish foreign-financed FMS purchases, at a minimum, and are exploring modifications to the database that would make this possible.

RESPONSIVENESS OF TRAINING REPORT

Question. How can you back up your claim that 97% of training in this report is from FMS or commercial sources.

Answer. We have said that 97% of the activities described in the report are conducted under security assistance authorities. We know this because the security assistance data base generated 97% of the total number of activities included in the report, and we believe that the report successfully described the total spectrum of foreign training conducted by the Departments of State and Defense.

Question. Explain the basis for your claim that the vast majority of U.S. training and engagement activities require no additional separation of U.S. military personnel from their families, put no service members at risk of life or limb, and do not effect the OP TEMPO.

Answer. (1) The vast majority of U.S. training and engagement activities require no additional separation of U.S. military personnel from their families because the vast majority of training is a "normal" duty of the service members who perform these functions. In other words, it may well be the case that a U.S. service member is forward deployed in Europe or Japan, and that this service member is on an unaccompanied tour (e.g., the service member's family remained in the United States rather than moving overseas). The service member in this case is already separated from his or her family, and training of foreign forces may be one of his or her duties. But the training is not the cause of the separation. Similarly, service members may be assigned temporary overseas duty for purposes of training foreign forces. While this activity would likely entail separation from family, the service member is equally likely to be assigned temporary overseas duty for any number of purposes associated with his or her mission that have no relation at all to foreign training. The important point is that the vast majority of training of foreign forces is a programmed, routine event: it is not conducted as a "contingency operation," which jars the rhythms of both families and regular military operations.

(2) I said in my prepared statement that training "puts no U.S. service members at increased risk to life or limb" because training activities are no more dangerous when conducted with foreign militaries than when conducted among U.S. personnel only. A particular activity might well be extremely dangerous, as is the case for many of the day-to-day tasks undertaken by our service members. Yet, teaching the activity to a foreigner in an appropriately controlled environment will not put the U.S. service member at any greater risk than teaching the activity to other U.S. personnel. Most importantly, we only send our military personnel in harm's way when national interests are important enough to warrant such a risk. The many benefits of foreign training that accrue to the United States typically are not of such weight as to justify an increased risk to U.S. military personnel.

(3) As I noted in responding to question 19, above, the reason that we know foreign training does not affect OPTEMPO or morale is that foreign training, in nearly all respects, is part of the regular job description for those service members who perform this function. When OPTEMPO and morale among our forces becomes strained it is the result of unplanned contingency deployments away from their regular stations for extended periods. When military commanders and others complain that U.S. forces are being stretched too thin, it is not in any respect the result of foreign military training.

Question. (Curry) Can you submit a key to the numerous acronyms used in this report.

Answer. This is very difficult to answer without an indication of which acronyms are in question. The most-used acronyms (e.g., IMET, FMS, JCET, CD) are identified in the narrative materials preceding each section. We will be happy to provide a timely explanation of any specific acronyms still not clear, if you will identify them to us.

THURSDAY, APRIL 15, 1999.

SECRETARY OF STATE

WITNESS

HON. MADELEINE K. ALBRIGHT, SECRETARY OF STATE

CHAIRMAN CALLAHAN'S OPENING STATEMENT

Mr. CALLAHAN. Good morning, Madam Secretary, and welcome home. We are going to try to end this meeting early enough for you file your income taxes today.

This hearing was originally scheduled to discuss the fiscal year 2000 budget request, but events in the Balkans have directed us into a higher priority at this time. And the Speaker has asked the committee to take this opportunity to bring up the crisis in the Balkans with you. Because of the interest in the NATO air campaign against Serbia and its effect on the people of Kosovo, the Chairman and ranking Democratic Member of the full committee, as well as the Chairman of the defense subcommittee, are present. They will receive priority recognition after the Secretary has completed her testimony.

With everyone's cooperation, we can cover both the budget request and the Balkans and still leave time if we will respect the 5-minute rule for all Members to have input.

The Speaker has set out two goals for the House this year. One is to pass the budget resolution by April 15, which was passed yesterday. And second, he would like to move the House appropriation bills to conference before July 4. I would like to move the foreign operation bills to the floor before the end of May. And I don't expect Chairman McConnell to lag very much behind us.

Secretary Albright, your concerns about the new congressional budgets are well known. While I don't know what our 302 allocation is going to be, whatever it is, I intend to live with the number we receive from the full committee. I want to work with you on a bill that fits within our allocation. If you cannot accept a dollar less than the request, as was the case last year, then the committee must carry out its mission nonetheless. We will write a bill that passes the House; and, I repeat, I welcome your help in trying to draft that bill within the 302 allocations.

Madam Secretary, before we turn to other critical issues I would like to bring to your attention that we already have a Central American supplemental that is ready for conference. Those hurricane victims are our neighbors in this hemisphere; and simply because the news networks have chosen to focus on the flood of refugees fleeing Kosovo, the pressing needs of the Hondurans and Nicaraguans have not diminished. We need your help, and we need the help of the President to get that Central American supplemental enacted quickly. That means sitting down and working out the off-

set problem the administration objects to. Any day we expect another supplemental request for Kosovo and its neighbors. Most of that is to restore our national defense posture, but I expect the White House will send up a request for hundreds of millions of dollars from this subcommittee for humanitarian assistance.

Unlike the Gulf War in 1990, no other countries are contributing to the American costs. Between 80 and 90 percent of the combat aircraft will be American. As I told the President on Tuesday, this war is Europe's war and it is Europe's neighborhood; and Europe should provide ground troops if they are needed. As the crisis drags on, Americans will focus on any discrepancy between European and United States costs. Our public and private response to refugee needs will continue to be generous, but I wouldn't count on American financing to reconstruct what our bombs and missiles have destroyed.

The committee requires an up-to-date accounting for both military and humanitarian contributions to the alliance effort. And we want you to provide us that information on a monthly basis.

Any emergency supplemental for Kosovo will pay for this fiscal year's costs. We still have to deal with Kosovo appropriations for next year. We can't pretend that the crisis and its costs will magically disappear before September 30. We will welcome your assessment on the impact of this war on the fiscal Year 2000 budget. That assessment could be based on two outcomes: the alliance swiftly meeting the five goals NATO agreed to earlier this week, and the Kosovars are able to return home with international protection before the end of the year; or Milosevic continues in defiance of NATO and continues to kill and expel the Kosovars and a million or more Kosovars are refugees. At the same time, we are trying to limit the effect of these refugees on Serbia's neighbors. In any case, our regular bill will be forced to reflect the radically changed international situation. If Bosnia is any guide, we will still be paying for Serbian's rampage into the next century.

On two other Kosovo matters, we must do everything we can to protect democratic Montenegro which has already welcomed many thousands of refugees from Milosevic. We must do all we can to protect our POWs and humanitarian workers who are in Serbian prisons.

Finally, Madam Secretary, two proposed initiatives for next month will receive close scrutiny as we mark up our foreign operation bill next month. First, there is a proposal to increase aid to Russia. Does this look less compelling right now in light of new questions regarding espionage at our national weapons labs?

Second, should we appropriate the Wye River request before we know whether a new government in Israel will fully implement the Wye agreement? The President, Secretary Cohen, and General Shelton have spent a lot of time with Members of Congress in serious two-way discussions about the crisis in Kosovo, but this is our first opportunity to engage the Secretary of State since the air strikes started.

I will now recognize Ms. Pelosi for an opening statement.

MS. PELOSI'S OPENING STATEMENT

Ms. PELOSI. Thank you very much, Mr. Chairman. I am pleased to join you in welcoming the distinguished Secretary of State to our final hearing on the fiscal year 2000 budget request for foreign operations. While we will undoubtedly spend most of our time discussing Kosovo, I do want to raise several other budget and policy issues first, though I want to compliment the Secretary for her courageous leadership and for the strong position she has taken at this critical time. I especially want to commend her for her leadership in working with the NATO alliance and keeping the alliance unified and focused on Kosovo.

There will, of course, be many questions about the decisions that have been made; and, as you know, there are 535 different ideas in the Congress about how to resolve this crisis. But there are no easy answers; and the implications of not acting boldly to stop Milosevic now, I believe, are staggering. Congress will undoubtedly debate and vote on U.S. involvement in Kosovo in some form in the near future. Some will say with the benefit of hindsight that we should have anticipated Milosevic's move on the Kosovars after the discussion at Rambouillet. The use of ground troops, as mentioned, will be debated. Some will call for accelerated bombing of Serbia. But again I want to express my strong support for the Secretary and, indeed, President Clinton for their leadership in this crisis.

As the horrors of the refugee crisis become more and more evident, including the use of rape as a weapon of war, Congress must act to demonstrate the resolve of the U.S. to finish what we and NATO are involved in there. It will not be easy. It will not be inexpensive, Mr. Chairman; but we must stay united and focused.

While everything else is occurring in the shadow of the events in Kosovo, as you mentioned, Mr. Chairman, there are many other issues that we want to deal with. I particularly would like to acknowledge and applaud the administration's decision to pursue a resolution condemning China's human rights abuses at the Human Rights Commission in Geneva. As you know, Mr. Chairman, the House unanimously passed a resolution 421 to 0 and the Senate 99 to 0 urging the administration to pursue this resolution this year and to take all the measures necessary to win at Geneva. I am pleased that the administration responded, and I will be interested to hear the Secretary's progress report on the administration's efforts to lobby other countries to support this resolution.

I also want to commend the administration for the honesty in its Human Rights Country Report on China this year. Many of us feared there would be a whitewash of the China record. I commend the State Department for its country report. I think it follows that we should then pursue the resolution at the U.N. on the strength of the information in the country report.

I want to also take a moment to express my concern about the safety and well-being of a prominent Chinese reformer, Bao Tong, a former senior party official currently under house arrest in Beijing, having spent all the time since the Tiananmen Square massacre, nearly 10 years, in prison. He is now under house arrest.

In late March, Bao Tong sent a letter to China's President and other leaders calling for the reversal of the official verdict on the

Tiananmen Square events. As Premier Zhu Rongji is being wined and dined here in the United States, four officials of the Chinese Public Security Bureau have visited Bao Tong at home to inform him that his letter endangered state security. He endangered state security by asking for the reversal of the Tiananmen Square verdict. "Endangering state security" is a charge used against many critics of China's government and to deliver other threatening messages.

The intimidation of dissidents in China continues. Following the President's visit last June, some Chinese, including Xu Wenli, started to form a democratic party in China. Xu Wenli is now serving a 13-year sentence for trying to form a political party there.

I hope that the Secretary will use her good offices to communicate to the Chinese government directly that such attempts to muzzle its critics are not going unnoticed and should be stopped. There are, of course, a number of other issues relating to China which I would be interested in discussing with the Secretary. But as you have said, Mr. Chairman, we don't have all the time. So, I just wanted to put those concerns on the record.

On the budget levels, the cuts contained in the budget resolution of the majority, if realized, will devastate foreign aid programs and irreparably damage our national security. Cuts in the international affairs function of 15 to 25 percent implied in the budget resolution would force the U.S. to close embassies, cut back on assistance to all regions of the world, including the Middle East, and require the U.S. to take a back seat to other countries in the international banks, the U.N., and other international organizations. I intend to give the Secretary the opportunity to comment on these budget cuts in her testimony.

It is also important that we not lose sight of the reconstruction needs in Latin America, which our distinguished Chairman has mentioned as a result of the recent natural disasters. Congress has once again gotten itself hung up on the question of offsets and this has delayed this much-needed assistance. The need to appropriate billions to pay for Kosovo will force us once again to address the offset question. I hope we can act expeditiously to get the assistance flowing. Clearly the Central American supplemental should be funded as an emergency without offsets.

Other concerns I intend to raise are military training, infectious diseases—our Chairman has been a leader on child survival—U.N. arrears, and our relationship with Russia, if time allows. I look forward to the Secretary's testimony and once again commend her for her courageous leadership. We are all very proud of you, Madam Secretary. Thank you, Mr. Chairman.

Mr. CALLAHAN. Thank you, Ms. Pelosi. Madam Secretary, we have received your 32-page statement. We invite you, if you want to take the time, to share it with the world. But if you choose to abbreviate, that is your prerogative. Your statement will be made a part of the record.

SECRETARY ALBRIGHT'S OPENING STATEMENT

Secretary ALBRIGHT. Thank you very much, Mr. Chairman and Ms. Pelosi and members of the committee. I am very pleased to be

here, although if I had my choice of dates to come and ask you for money, April 15 would not be it.

As you said, you have my written statement, which I do urge you all to review. It covers a lot of the important subjects and parts of the world that I am not going to be able to discuss today. But I think that it is important that people understand the complexity and the range of issues that we deal with. I will try to be briefer than 32 pages, but there are some issues that I need to get on the table.

Events of the past year, especially in the Balkans, the Gulf, Asia and Africa, illustrate the range of perils that exist as we approach the new century. I come before the subcommittee in search of the tools and resources that we need to respond to those perils and to seize the opportunities for ensuring our security and promoting our prosperity and upholding our values. And I must say that this subcommittee has generally supported adequate funding for international programs, and for that I thank you and salute you.

This year, however, the proposed congressional budget resolution would require a reduction of 15 percent in the amount requested by the President for international affairs. This is tantamount to surrendering American leadership around the world. Anyone who says that we should do more to counter terror or fight drugs to halt proliferation or promote American exports or prevent the abuse of human rights should agree that it is not possible to accomplish any of these goals without resources. This is not a partisan issue. This is a call for a strong U.S. foreign policy that comes from leaders of both parties. And I hope very much that we can work together as we have in the past, not only on our overall fiscal Year 2000 request for international affairs but also, as you have mentioned, on our supplemental request for Jordan and to aid the recovery of hurricane victims in Central America and the Caribbean. We need to find a way of doing that without raiding our priority programs.

In addition, the President will submit shortly an emergency supplemental request to cover the costs related to the crisis in Kosovo. The request will include funds for life-saving humanitarian relief, assistance to embattled frontline states, and other urgent requirements. If ever there were an emergency, Mr. Chairman, this is one. We are not in this alone, for we have friends in Europe and elsewhere who are providing a large quantity of help, and we can get more specific on that in the questions.

We do have to do our part. Thus, I will be urging the subcommittee's support for prompt actions on the portions of the request that will fall within your jurisdiction. I also ask your support for our policy on Kosovo. We are confronting an outrage we cannot accept, and only we and our allies have the muscle to oppose.

President Milosevic has unleashed a rampage of ethnic cleansing and genocide directed at the expulsion or total submission of the Kosovo Albanian community. We have all seen the images of families uprooted and put on trains, children crying for parents they can't find, refugees recounting how their loved ones were led away, and ominous photos from the sky of freshly upturned earth. Behind these images is a reality grimmer than any seen in Europe for more than half a century. And make no mistake, this campaign of terror was not a result of NATO action; it is a Milosevic production.

The region-wide killing, raping, shelling, burning, and deporting were as meticulously planned as they are being ruthlessly carried out. That is why force became NATO's only option after the diplomatic solution we offered and reoffered at Rambouillet was rejected over and over again by Belgrade.

Today our values and principles and our perseverance and our strength are being tested, and we must be united at home as we are with our allies overseas. And we must do all we can to ease the suffering of the refugees and other victims. We must and will persist in gathering evidence and documenting the truth to help the war crimes tribunal hold perpetrators accountable. And while continuing to strive to minimize civilian casualties, we must strike and strike again until an outcome that meets the demands of the international community is achieved.

These demands are as simple as they are just. There must be a verifiable stop to Serb military action against the people of Kosovo. Belgrade's military police and paramilitary forces must leave to enable refugees to return safely. An international military presence must be permitted. And the people of Kosovo must be given the democratic self-government they have long deserved. In addition, as President Clinton has made clear, we insist that the three American soldiers now in the custody of Belgrade be released immediately and without conditions.

The current crisis highlights the need to integrate the Balkans more fully into the Euro-Atlantic community of democracies. We have made a start in this direction, but one outcome of the current fighting must be a comprehensive multiyear multinational approach. We do not want this conflict to serve as a prelude to others. In the weeks ahead we will be consulting with you and working with regional leaders, our allies, and international financial institutions to develop a strategy for bringing Europe's southeast corner into the continent's main stream.

As we look ahead, we know that the prospects for long-term peace in Europe also depend on the success of democracy in the Baltics, Ukraine, Russia, the Caucasus and Central Asia. For this reason, I strongly urge your backing for the SEED and Freedom Support Act programs. These democracy-building initiatives are good investments. Already a number of countries have graduated and no longer need our aid, but the region is vast and the dangers posed by corruption, criminals, and communist backsliders are great. We need your help in funding these initiatives fully and flexibly so that the forces of freedom may be bolstered and their enemies held at bay.

Our efforts to promote lasting stability across Europe are mirrored in our own hemisphere through the Summit of the Americas process. Here our challenge is to translate the promise of reform into the reality of prosperity that is broadly shared and to strengthen fragile democratic institutions. One major test is in Colombia where we are committed to helping President Pastrana reestablish the rule of law and secure a future of peace for his people.

Similarly in Asia we are working with allies and partners to improve security and cooperation, restore economic momentum and build democracy. In this region there is no greater threat to peace and stability than the situation on the Korean Peninsula. With our

Korean and Japanese allies and China, we are seeking ways to reduce tensions. To this end, we have vigorously pressed our concerns about North Korea's long-range missile program. We have reached an agreement that will allow U.S. inspection of suspicious underground construction at Kumchang-ni, and we continue to insist that North Korea meet its obligations under the Agreed Framework. That framework succeeded in freezing North Korea's plutonium production and separation functions at Yong Dong and bringing those facilities under rigorous IAEA monitoring. Pursuant to the framework, those facilities will eventually be dismantled and the nuclear fuel shipped out of North Korea as long as North Korea is abiding by its terms. Our support for the framework is vital, and I urge Members to provide that support by approving the President's request for $55 million for the Korean Peninsula Energy Development Organization.

Meanwhile, former Secretary of Defense William Perry is conducting a comprehensive review of the U.S. approach to North Korea. He is seeking extensive input from Congress and working closely with our allies, and he will complete his recommendations later this spring.

Also in East Asia, we have continued our strategic dialogue with China. Since that dialogue began, China has taken positive steps on proliferation, moved ahead on economic reform, and played a responsible role during the Asia financial crisis. We need to recognize this progress even as we press for more.

During Premier Zhu Rongji's visit to Washington last week, President Clinton raised matters where the U.S. and China disagree. These include our decision this year to pursue vigorously a China-specific resolution at the Human Rights Commission. This reflected our condemnation of widespread human rights violations, including the arrests of Chinese who sought peacefully to establish an opposition political party. And Congresswoman Pelosi, I can assure you that the Chinese can testify to you that I never miss an opportunity to raise the subject.

Before and during Premier Zhu's visit, significant progress was made towards an agreement that would allow China's accession to the World Trade Organization on commercially viable terms. Because such an agreement would clearly benefit U.S. interests, we will resume negotiations later this month in an effort to resolve the remaining issues.

As I have said before, in our relations with China, engagement is not endorsement. We continue to have sharp differences with Beijing, but we also believe that the way to narrow those differences and to take advantage of the many areas where U.S. and Chinese interests coincide is through debate and dialogue.

In the Middle East, we continue to work with regional leaders on behalf of peace. We are in regular contact with Israeli and Palestinian officials, encouraging them to carry out the Wye River Memorandum. We have expressed our support and friendship to Jordan's new King Abdullah. We consult frequently with the leaders of Egypt as we pursue our diplomatic efforts. I hope we can count on the subcommittee's backing for those programs that help our partners and support the peace process.

In the Gulf we have responded to flagrant Iraqi violations with forceful measures to reduce the aggressive potential of the Baghdad regime. We continue to defend pilots patrolling the no-fly zones and to work with the Security Council to develop a basis for resuming inspection and monitoring of Iraq's remaining WMD capabilities.

Our policy is to counter the threats Saddam Hussein poses to Iraq's neighbors, our allies, and our interests and to support the Iraqi people's desire to reintegrate themselves internationally and free themselves from a leader they do not want, do not deserve and never chose.

Mr. Chairman, the new century will demand from us also a fresh approach to the dangers and opportunities of Africa. With regional leaders, we are searching today for ways to end bloody conflicts from the Sudan and Horn of Africa to the Congo and Sierra Leone. However, these immediate crises must not cause us to neglect long-term goals; therefore, I urge your backing for our efforts to assist the fragile transition to democracy in Nigeria, to help extend the rule of law throughout the continent, and to advance the essential human goal of sustainable development.

Mr. Chairman, many of the measures we take to protect American security and prosperity are directed at particular countries or parts of the world. But others can best be considered in global terms. These include our international economic leadership, the war against terror, drugs and crime, and initiatives to promote democracy and human rights. These also include our strategy for safeguarding American security by preventing weapons of mass destruction and the missiles that deliver them from falling into the wrong hands.

The economic crisis in Russia and elsewhere in the new independent states adds urgency to the need for effective action. Thousands of scientists with WMD expertise are facing increased temptations to sell their know-how to the highest bidder. This year we are requesting $250 million for State Department programs under the President's Expanded Threat Reduction Initiative. These programs seek to enhance our security by engaging weapons scientists to prevent proliferation, halt smuggling, and tighten export controls.

Mr. Chairman and Members of the subcommittee, 50 years ago, only a short distance from where we are now, President Harry Truman delivered his first and only inaugural address. In what came to be known as the "Four Points Speech," he challenged Democrats and Republicans alike to lend a hand to those struggling for freedom and human rights; to continue programs for world economic recovery; to strengthen international organizations; and to draw on our country's expertise to help people help themselves in the fight against ignorance, illness, and despair.

I think that as we look at what is happening now, I believe that we are summoned to meet similar responsibilities in a far different time and to honor the principles that will endure for all time. To achieve that mission, I pledge my own best efforts and respectfully ask for your help and counsel.

We have a lot to do together, and I am very pleased to be here today. Thank you, and I will now answer your questions.

[The statement of Secretary Albright follows:]

SECRETARY ALBRIGHT'S TESTIMONY BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON FOREIGN OPERATIONS

HOUSE OF REPRESENTATIVES

Thursday, April 15, 1999

Mr. Chairman and Members of the Subcommittee, good morning. I am pleased to be here to seek your support for the Administration's request for funds for the foreign operations programs of the United States.

At the outset, let me thank this Subcommittee and its members for their leadership in supporting a principled and purposeful U.S. foreign policy. We have not always agreed on all subjects, but the disagreements have almost always been on tactics, not goals.

For we all know America's purpose. It is freedom. We Americans are dedicated to the rights of all people. We promote government with the consent of the governed. We believe in law. We cherish peace. We seek prosperity.

Having said this, we have not said very much. For it is easy to list goals. Our task, together, you and me, America and our friends overseas, is to achieve them.

About a decade ago, our generation began a journey into a new era. We set out free from Cold War bonds, but soon were plagued by a viper's nest of other perils. Along the way, we have not always put our foot right, but overall we have made great progress.

Because the signposts of the past have fallen, history demands that we be innovators and trailblazers, builders of new institutions and adapters of old.

So in virtually every part of every continent, we work with others to bring nations closer together around basic principles of democracy and law, open markets and a commitment to peace.

We do this because it is right, but also because it is essential to protect the best interests of our nation and people. In this era, our security, prosperity and freedom hinge on whether others, too, have access to these blessings. And the future depends on whether we can help shape a world in which disputes are settled, prosperity is shared, criminals are caught, aggressors are deterred and basic human rights are respected.

Given the scope of American interests, the range of threats to our security, the connections between our prosperity and that of others, and America's role as a

champion of freedom and defender of human rights, we need the full measure of U.S. influence and leadership at this critical time.

I urge you to help us, as you have in the past, to obtain the resources we need. I hope you will support the President's FY 2000 budget request for foreign operations in its entirety. It is a modest request, only slightly above this year's final appropriation. And it is offered at a time of challenge and turbulence in the Balkans and elsewhere around the globe.

I am well aware of the potential impact of the proposed Budget Resolution, which would reduce the President's request for international affairs, including foreign operations, by 15 percent. I have said -- and will repeat this morning -- that cuts of this magnitude would put a straitjacket around American leadership and gravely imperil short- and long-term American interests around the world.

In the weeks and months to come, I hope to work closely with the members of this Subcommittee to assure funding levels for foreign operations that will enable us to provide our citizens with the diplomatic leadership they deserve and which our interests demand.

I. AMERICAN LEADERSHIP AROUND THE WORLD

A. The Western Hemisphere

I begin my discussion this morning with the community of democracies we are building with our neighbors in this hemisphere. For here, we have important interests dictated not only by proximity, but by shared values.

Certainly, in this region, there remain deep-seated problems, including poverty, inequality and corruption; there are still recurring crises, including natural disasters, political turmoil, and financial instability. But there is now a broad and deepening consensus across the region on how to deal with these issues, and a willingness to work cooperatively on them. I am asking you to ensure that we have the resources we need to help make the most of this historic opportunity.

Five years ago, at the Summit in Miami, President Clinton and the other 33 democratic leaders of our hemisphere affirmed a commitment to democracy and market economics, and developed a specific action plan to make those values meaningful in people's daily lives.

At the heart of the Summit process is a commitment to free and fair trade and economic integration. In recent years, every major economy in the region has liberalized its system for investment and trade; and we have begun negotiations to achieve a Free Trade Area of the Americas by 2005.

As a result of its continuing market-based reforms, Latin America has been relatively successful in weathering the global financial crisis; our exports to this region have continued to rise steadily even during the recent periods of turbulence. To complete this transformation, we must follow through on our free trade agenda and give the President the same authority to negotiate trade agreements as all of his recent predecessors have had.

The challenge now is to translate the promise of economic reform into steadily improved standards of living. This was the central theme of last year's Summit in Santiago, where the leaders of our hemisphere approved initiatives to promote small business development, increase investments in education, and address wide and increasing inequalities between the rich and poor.

The focus on broad-based economic development is central to our strategy for helping the people of Central America recover from Hurricane Mitch -- the worst natural disaster ever to strike the Western Hemisphere.

I want to thank the Subcommittee for its support in approving supplemental funds to help Mitch's victims plant crops, replace schools, and reconstruct communities. These funds are urgently needed and I hope we will find a way around current disagreements over proposed offsets for this emergency request. Every day of delay brings greater despair to the victims, who are increasingly heading north to survive.

But, as you know, emergency aid will provide only a temporary fix. Sustained recovery requires expanding trade and creating jobs. These are the goals of the Caribbean

Basin Trade Enhancement legislation which the Administration submitted last month. I urge Congress to adopt this legislation promptly.

As Hurricane Mitch so starkly demonstrates, economic development is often a series of two steps forward, one step back. What is required is long-term commitment.

Support for democracy requires the same kind of determination and steadiness. Every democracy, including our own, remains a work in progress. We should not let the occasional discouraging headline distract us from the remarkable gains made over the past two decades, as nation after nation in our hemisphere has embraced the principles of representative and constitutional government.

Consider, for example, some of the crises of the last few months: serious political conflicts over economic policy in Ecuador; an assassination in Paraguay that triggered a presidential resignation; and a political stalemate in Haiti which may be lessening but is still unresolved. In each of these countries, democracy is not yet deeply-rooted. Ten years ago, how would we have expected these crises to be resolved?

None of these stories are yet complete. But despite the turmoil, the leaders and citizens of these countries have NOT pushed aside democracy and the rule of law; the militaries have NOT stepped in as alleged national saviors; political differences have NOT degenerated into widespread violence, even when there were thousands marching in the streets. Instead, from Asuncion to Quito to Port-au-Prince, we have seen negotiations within a constitutional framework, and efforts to forge broad-based, multi-party coalitions.

Let me also say a few words about Colombia, a country that for good reasons is a major priority of our current democracy efforts.

Colombia is not a new democracy; but its political institutions are now under terrible strain, as the government tries to cope with a bloody civil conflict, massive drug trafficking, and economic stagnation. The January 25th earthquake was also a huge blow.

Since taking office last summer on a mandate for peace, President Pastrana has demonstrated a vigorous determination to reestablish the rule of law, restore fiscal responsibility, and secure a future of peace for his people. He offers the best chance in years to put Colombia back on the right course, and we should provide him strong support.

President Pastrana and other elected leaders around the hemisphere are valuable partners in the effort to strengthen democratic institutions and improve standards of living. Unfortunately, Fidel Castro continues to justify his pariah status by throwing dissidents and human rights advocates in prison, and refusing to hold free and fair elections. Our response to him is guided by one simple principle: the Cuban people deserve all the same rights and liberties as their counterparts from Argentina to Alaska.

In January, President Clinton announced a series of steps, building on measures the Administration took the previous March, which expand our efforts to reach out to the Cuban people and help prepare for a peaceful transition to democracy. In particular, we have made it easier for Cubans to be in touch with family and friends in the United States, and easier for the Cuban-American community to help those on the island. As the President made clear, our goal is not to improve ties with the current regime, but to strengthen people-to-people ties and encourage the development in Cuba of peaceful activities independent of the government.

B. Europe and the New Independent States

Mr. Chairman, we will mark this year the tenth anniversary of the fall of the Berlin Wall and the birth of a new Europe -- more undivided and democratic than ever, and resolute in striving for peace. The peaceful integration of Europe's north, west and center is well advanced or on track.

But the continent cannot be whole and free as long as its southeast corner is wracked by ethnic tensions and threatened with real or potential conflict. Throughout this decade, the primary source of rancor and violence in this region has been the ruthless incitement of ethnic hatred by authorities in Belgrade.

The current campaign of ethnic cleansing in Kosovo is an assault on universal values of respect for human rights and dignity. The resulting outflow of refugees is both horrifying and profoundly destabilizing. And Milosevic's repeated use of violence and terror poses a threat to the security and character of Europe to which NATO has had no option but to respond.

NATO has made it clear that we will persist until the crisis ends on acceptable terms. Serb security forces must leave so that refugees can safely re-enter. An international security presence must be allowed. And the people of Kosovo must be given the democratic self-government they have long deserved.

The current crisis highlights the need to integrate the Balkans more fully into the Euro-Atlantic Community of democracies. We have made a start in this direction, but one outcome of the current fighting must be a comprehensive, multi-year, multi-national approach. We do not want this conflict to serve as a prelude to others.

In the weeks ahead, we will be consulting with you, and working with regional leaders, our Allies and international financial institutions to develop a strategy for bringing Europe's southeast corner into the continent's mainstream.

In recent years, the international community has done much to assist countries in the region. Our own Southeast European Cooperative Initiative has facilitated joint efforts and cooperative planning.

But we must be prepared, once the Kosovo fighting is resolved, to move forward with new measures that will transform the Balkans from the continent's primary source of instability into an integral part of the European mainstream. Working with leaders in the region, we and our European partners must help build a solid foundation for a new generation of peace -- so that future wars are prevented, economies grow, democratic institutions are strengthened and the rights of all are preserved.

That is what we are doing -- with NATO, the EU, Russia and others -- in Bosnia. Completing the implementation of the Dayton Accords would remove a major threat to European

security and establish a model for inter-ethnic cooperation that is needed throughout the Balkans and around the world.

Since the Accords were signed three years ago, enormous progress has been made. And as peace has returned, we have steadily reduced our troop presence, and worked to return power to Bosnian hands.

But the nation's bitter divisions are only partially healed. If the promise of Dayton is to be fulfilled, we must stand firm in our support for Bosnia. I ask your support for our request of $175 million to help refugees return home, buttress democracy and human rights, foster foreign investment and a free-market economy, professionalize Bosnia's police and reinforce regional stability. And to serve our interests throughout this corner of Europe, I ask your support for the President's SEED request encompassing all of Southeast Europe, which totals $393 million.

Beyond the Balkans, Mr. Chairman, we are working with our friends, allies and partners to create new institutions and adapt old ones to meet the challenges of the new era. And with every step forward, we draw closer to our vision of a Europe whole and free.

With the President's personal leadership, and crucial help from former Senator George Mitchell, we have supported the people of Ireland in their desire to end terror and live in peace through implementation of the historic "Good Friday" agreement.

I want to thank this Subcommittee once more for its support for the annual U.S. contribution to the International Fund for Ireland. This is a valuable expression of our support for peace in Northern Ireland.

With Estonia, Latvia and Lithuania, we have signed the U.S.-Baltic Charter, to show support for the freedom and security of those nations and for their efforts to join western institutions. And we are pursuing our Northeast Europe Initiative to build bridges among the nations of the Nordic and Baltic region.

Under the New Transatlantic Agenda, we are working with the European Union to meet challenges both of us face around the world, such as distortions to trade,

humanitarian disasters, proliferation threats and international crime. We strongly support the expansion of the European Union (EU) into central and eastern Europe, and Turkey's desire to be part of that process. We are working hard to ease tensions in the Aegean and continue to explore every opportunity for progress towards a settlement on Cyprus.

We are among those striving to help the Organization for Security Cooperation in Europe (OSCE) meet its potential as a catalyst for democratic change, tolerance and respect for human rights.

And next week, here in Washington, we will meet with our allies to set the course for NATO's second fifty years.

The Washington Summit will be the largest diplomatic gathering at the Head-of-State level in the history of our nation's capital. Together, we will formally welcome the three new members who have joined our Alliance -- a step made possible by strong congressional support -- and have discussions with 25 other partners who will participate during the Summit's second day.

Together, we will recognize collective defense as the core mission of the Alliance; prepare to respond to the full range of threats the Alliance may face; further develop our partnerships with other European democracies; and coordinate our activities with key institutions such as the EU and OSCE.

The NATO of the 21st Century will confront a changed and ever-changing strategic environment. Beyond the threats we face in the Balkans, NATO will have to confront the dangers posed to our citizens by international terrorism, dangerous regional conflicts, and the proliferation of weapons of mass destruction and the missiles that deliver them. While staying true to our character as a Euro-Atlantic Alliance, we must -- and we will -- prepare ourselves to respond to all of them.

Further to the east within the region, democratic change remains very much a work in progress. In many countries, respect for human rights and the rule of law is weak and economic reforms have been slowed by financial turmoil.

We will continue to help countries in the region find the right road. We do this for reasons of principle, but also because this part of the world is critical to our own long-term security and prosperity.

We are determined to maintain our pragmatic partnership with Russia, notwithstanding our differences over Kosovo. The fact is, on a variety of security, financial, and global matters, Russia has continued to do serious business with the United States and with western institutions, notwithstanding the harsh rhetoric it has directed toward NATO. I am in regular touch with Foreign Minister Ivanov, and met with him April 12 to ensure that, despite our differences over Kosovo, the U.S.-Russia relationship continues to advance both countries' interests and to strengthen our national security.

Such mutual determination has helped our two countries to manage differences and make progress on important issues such as the HEU agreement, the Mutual Legal Assistance Treaty and the recently-signed Civil Aviation agreement.

And we have made noteworthy progress toward the goal of completing CFE negotiations by the time of the OSCE summit later this year. At the end of last month, the 30 States Parties to the CFE reached agreement in Vienna on a decision that sets the stage for a final adapted Treaty, based closely on the proposals advanced last year by NATO.

A peaceful and democratic Russia that is tackling its economic problems and playing a constructive international role can make an enormous contribution to the 21st Century. It should not be surprising that the Russian transition from Communism to a more open system is proving difficult. Our own democracy took many decades to mature and remains unfinished. We have an enormous stake in Russian success and will continue to help as long as Russia is committed to the path of reform.

We are sustaining our strategic partnership with Ukraine -- knowing that an independent, democratic, prosperous and stable Ukraine remains a key to building a secure and undivided Europe. This year we will continue to support Ukraine's economic and political reforms, press for a free and fair Presidential election, enhance cooperation under the NATO-Ukraine Charter and strengthen joint

nonproliferation efforts. We have joined hands with the EU in many of these efforts.

In February, after the most searching consideration, I was able to certify that the requirements of U.S. law with respect to Ukraine's business climate were met -- albeit just barely. But I would urge Congress to reconsider the wisdom of the certification requirement as a means for promoting a level playing field for American business and economic interests.

No one should take for granted that Ukraine's transition to free market democracy and a secure place in the international system is a given. On the contrary, Ukraine has no margin for error -- and the United States must have all the tools available to remain steadily engaged. In this election year in Ukraine, it is our strong hope that President Kuchma will demonstrate the leadership, and the Rada the wisdom, to press ahead with overdue reforms.

Throughout the NIS, a great deal of work remains to be done to build stable democratic governments and functioning, transparent market economies. In the coming year, we hope to see progress on Nagorno-Karabakh and Abkhazia, and I will be meeting with the leaders of the countries of the Caucasus on the margins of the Washington Summit, to explore possibilities for progress on this and other difficult issues.

We renew our request this year for legislation to repeal Section 907 of the Freedom Support Act. This provision hinders our ability to advance America's national interests in Azerbaijan and the Caucasus. Eliminating it would restore balance to our policy toward Azerbaijan and Armenia, and reinforce our role as an honest broker in the peace process.

We are monitoring with concern the rise of repression in Belarus, and supporting NGOs and media outlets to help opposition views reach the public. We also are seeking funding under the Expanded Threat Reduction Initiative for disposal of munitions and force relocation to facilitate withdrawal of Russian troops from Moldova.

And, as every country in the region holds elections this year or next, I ask your support for our efforts to ensure that they be free and fair.

We will continue to foster regional cooperation in Caspian energy development and transportation infrastructure. I know these issues are of great interest to many in Congress, and I welcome your support in providing the tools we need to make progress.

Our support for democratic and market reform will not re-make the region overnight. But it can help those in the region who are helping themselves to move in the right direction.

For example, our support fosters economic development by encouraging investment in small businesses; helps to build accountable democratic institutions; and fights the crime and corruption that have shadowed emerging markets. Our assistance is focusing on exchanges, civil society and the private sector. It is increasingly moving away from capitals and toward the regions. And it is helping us sustain and expand our nonproliferation programs.

We fund these NIS programs neither as a favor to governments in the region nor as a stamp of approval of all their policies, but because they serve American interests. And frankly, we need to do more. So I urge you to back our full request for $1.032 billion this year to support these key economic and democracy programs, as well as vital nonproliferation activities which I discuss below. And I ask that you grant the flexibility we need to support democratic and market reforms wherever in the region they flower -- and whenever our support will best serve America's interests.

C. The Asia-Pacific

In the Asia Pacific, we are working with allies and partners to improve security cooperation, restore economic momentum and build democracy.

Our alliance with Japan remains the cornerstone of regional security, and we are reinvigorating that alliance through the implementation of new guidelines for defense cooperation. Clearly, with the world's second largest economy, Japan is also an economic key. We are encouraging

Tokyo to expand its program of deregulation, open its markets, and take other measures to restore growth.

Both bilaterally, and through the G-8, our two countries work together closely on a wide range of regional and global issues. We look forward to welcoming Prime Minister Obuchi to Washington early next month to reaffirm our friendship and chart a course for the years immediately ahead.

There is no greater threat to peace and stability in the Asia Pacific than the situation on the Korean Peninsula. With our Korean and Japanese allies, and China, we are seeking ways to reduce tensions with North Korea and make progress towards a permanent settlement.

To this end, we have vigorously pressed our concerns about North Korea's development, deployment, testing and export of long range missiles. We have reached an agreement that will allow U.S. inspection of underground construction at Kumchang-ni, thereby assuring--at a minimum--the suspension of any destabilizing activities that may have been occurring at that site. And we continue to insist that North Korea meet its obligation under the Agreed Framework to freeze and dismantle its ability to produce fissile material.

Also in East Asia, we have continued our principled and purposeful engagement with China.

Since that engagement began, we have seen China move from being part of the nuclear proliferation problem to becoming part of the solution. It has endorsed extension of the Nuclear Non-Proliferation Treaty; signed the Comprehensive Test Ban Treaty (CTBT); become a party to the Chemical Weapons Convention; promised not to assist unsafeguarded nuclear facilities; agreed to study membership in the Missile Technology Control Regime; supported peace talks on Korea; and played a responsible role during the Asian financial crisis.

We need to recognize these gains, even as we press for further progress.

During Premier Zhu Rongji's visit to Washington last week, President Clinton raised matters where the U.S. and

China disagree, including human rights and Chinese efforts to acquire sensitive technology illegally.

Given the Premier's primary portfolio, the two leaders spent a lot of time on our trade relationship. We welcome the significant progress towards a strong WTO agreement, and will resume negotiations this month in an effort to resolve remaining issues. We were pleased to sign a bilateral agriculture agreement that will lift long-standing and unfair trade barriers to U.S. citrus, grain, beef and poultry. Our customs services agreed to expand their cooperation. And we signed a civil aviation agreement that will permit a new U.S. carrier in the China market.

In our human rights dialogue with China, Assistant Secretary of State Harold Koh has emphasized the importance of Chinese compliance with international human rights standards, including a free press, freedom of religion and freedom of political expression. We have condemned the arrest, trial and sentencing of Chinese who sought peacefully to establish an opposition political party. We have urged China to open a dialogue with the Dalai Lama regarding the protection of Tibet's religious, cultural and linguistic heritage within China.

And we are working hard to gain support for a Resolution at the current UN Human Rights Commission meeting in Geneva that calls upon Beijing to improve its record of respect for human rights.

As I have said before, in our relations with China, engagement is not endorsement. We continue to have sharp differences with Beijing. But we also believe that the way to narrow those differences, and to take advantage of the many areas where U.S. and Chinese interests coincide, is through regular contacts and dialogue.

Economically, the past 22 months have been extremely painful for many in Asia. Governments have been challenged and millions of people face the prospects of unemployment, reduced living standards and a more uncertain future. Bilaterally and through APEC, we are working on a series of initiatives to strengthen the rule of law, increase transparency, and encourage the financial and corporate sector restructuring necessary to sustain economic growth and attract direct foreign investment.

One of the central lessons of the current crisis is that nations with strong democratic institutions are better able to withstand the turbulence of the new global economy. This is a message I carried with me in my recent visits to Thailand and Indonesia.

In Thailand, I conveyed strong U.S. support for the government's economic reform programs and for the efforts of the Thai people to strengthen democratic institutions across the board.

In Indonesia, I spoke both publicly and privately about America's strong support for free, fair and credible elections and about our intention to stand by the Indonesian people in what promises to be an extended period of economic recovery and political change. I also discussed with Indonesian leaders the ongoing effort to reach a just and peaceful resolution of the status--either autonomy or separation--of East Timor. My emphasis was on the need to break the cycle of violence, promote stability, and respect human rights as the transition to a new status takes place according to the will of the people of East Timor.

Elsewhere in the region, we are continuing to work with ASEAN, Japan and others to strengthen democracy in Cambodia, where we are encouraged by the progress that has been made towards political reconciliation, and are urging authorities to bring senior Khmer Rouge leaders from the 1975-1979 period to justice under credible, internationally-sanctioned procedures.

In Burma, we continue to advocate a meaningful dialogue between the authorities there and the democratic opposition, led by the National League for Democracy (NLD). We are deeply concerned by the attempts made throughout the past year to harass and intimidate NLD leaders. And we are appalled by the refusal of Burmese authorities to permit the husband of opposition leader Aung San Suu Kyi to visit her in Burma prior to his death from cancer last month.

Officials in Rangoon must understand that the path to international acceptance and economic progress lies in movement towards a legitimate and popularly supported government.

D. South Asia

Mr. Chairman, South Asia is one of the regions that receives small sums of U.S. assistance but has a significant impact on U.S. interests.

There is no question that last year's nuclear tests by India and Pakistan posed a threat to international security and dealt a blow to the nuclear nonproliferation regime. Throughout our diplomacy, we have strived to minimize the adverse consequences of those tests; to encourage the parties to resolve the long-standing tensions between them; and in the process to broaden and revitalize our relations with both countries.

And it is clear, Mr. Chairman, that through our efforts, we have made some important headway. Both India and Pakistan have made qualified commitments to adhere to the CTBT by September; we hope they take that step soon. And they have pledged to join negotiations for a fissile material production cutoff, and tighten export controls.

More broadly, both have taken encouraging steps to improve bilateral relations. In February, we saw the first visit by an Indian Prime Minister to Pakistan in a decade. During their summit in Lahore, the two countries said they would pursue agreements on advance notification of ballistic missile tests, notice of accidental or unauthorized nuclear weapons use, and other confidence-building measures.

But much clearly remains to be done. We are urging both countries not to deploy nuclear-capable missiles or aircraft, and to agree to a moratorium on fissile material production.

To sustain the diplomatic momentum, Pakistan's Prime Minister has accepted his counterpart's invitation for a return visit to India. We hope this will take place in the next several months. In any case, we will continue to press for further stabilizing actions.

In this context, I must say that the recent missile tests by India and Pakistan are a clear and regrettable step backward. Both countries must realize that an arms race in South Asia would advance no one's security.

More broadly, throughout the region we will be working hard to advance our core foreign policy objectives of strengthening democracy, enhancing economic ties, countering terrorism, extending the rule of law and promoting respect for human rights -- including religious freedom, worker rights and women's rights.

E. The Middle East

American policy in the Middle East is designed to strengthen the forces of peace, encourage regional economic integration and growth, spur democratic progress, marginalize extremists and defeat terror.

To these ends, we continue to work with regional leaders in support of a just, lasting and comprehensive Middle East peace, including the Syrian and Lebanese tracks. We are in regular contact with Israeli and Palestinian authorities, encouraging them to focus on implementing the Wye River Memorandum. We have expressed our support and friendship to Jordan's new King Abdullah, who has pledged to carry on the wise policies of his father, the late King Hussein. And we consult frequently with leaders in Egypt about the Middle East Peace Process and related issues.

Mr. Chairman, as we pursue our diplomatic efforts, I hope we can count on the Subcommittee's support to fund those programs that help support the peace process. These include our requests for Economic Support Funds and Foreign Military Financing that benefit our partners in peace--Israelis, Egyptians, Jordanians and Palestinians--as well as regional programs that bring those parties together.

In the Gulf, we will continue to work with our allies and friends, and within the United Nations Security Council, to confront the threats posed by the Iraqi regime. We have expressed our support and friendship with the new Emir of Bahrain, and hope that he will continue the important role that Bahrain has played in enhancing Gulf security.

In mid-December, we joined our British allies in a military operation that degraded Iraq's weapons of mass destruction (WMD) capacity and its ability to threaten its neighbors. We have since continued to enforce the southern and northern No-Fly Zones and have repeatedly acted against

Iraqi military assets in the zones that threaten our pilots and aircraft.

At the United Nations, we are working within the Security Council to develop a basis for resuming inspection and monitoring of Iraq's remaining WMD capabilities. We will insist that sanctions against the regime continue until Iraq meets its obligations, although we support easing the burdens on the Iraqi people through an enhanced oil-for-food program.

Our policy towards Iraq is to counter the threat Saddam Hussein poses to his people, his neighbors, our allies, and our interests in the region until there is a change in regime in Baghdad. We must and will persist in thwarting Iraq's potential for aggression. And we will support the Iraqi people's desire to reintegrate themselves into the international community and free themselves from a leader they do not want, do not deserve, and never chose.

Across the border from Iraq in Iran, recent parliamentary elections reinforced clear signs of popular support for a society based on the rule of law and a more open approach to the world. We welcome that, though we are concerned that Iran continues to pursue policies--on proliferation, terrorism, and human rights--that violate international norms.

Iran's President Khatami has called for a dialogue between our two peoples. Last summer, I endorsed that call and expressed a willingness to work with authorities in Tehran, when the time is right, to develop a roadmap for more normal relations. The official Iranian response thus far has not been encouraging, but we stand ready for a dialogue in which both sides would be free to discuss all issues of concern.

Last week, two Libyans accused in the 1988 bombing of Pan Am flight 103 were delivered into the custody of Scottish authorities for trial in the Netherlands by a Scottish Court under Scottish law. This development is a milestone in the decade-long effort to hold accountable those responsible for the murders of 270 people, including 189 Americans. The United States looks forward to the legal resolution of this case, and to the partial alleviation of anguish that may bring to those whose loved ones were lost on Pan Am 103.

In Algeria, we are closely monitoring the run-up to this week's Presidential election. We hope for a vote that is peaceful, fair and transparent, and that will help move Algeria further along the road to political and economic reform and social progress.

More broadly in North Africa, Under Secretary of State Stuart Eizenstat is leading our regional partnership initiative, which aims to encourage structural reform, increase regional commerce and improve political relationships. I hope we will continue to have the Committee's support for U.S. programs and policies that encourage progress in these directions.

F. Africa

In Africa, our challenge is to address pressing security and humanitarian concerns, while maintaining our focus on helping to realize the continent's great human and economic potential.

The region remains a major battleground in the global fight against terrorism, crime, and illicit trafficking in arms and narcotics. And from the Red Sea to the Atlantic Ocean, African states are embroiled in civil and regional wars that are taking a horrifying toll on innocent civilians. It would be difficult to overestimate the severity of these problems; and we are engaged in intensive efforts to resolve each of them. But at the same time, we are mindful of the fact that they are not the only forces shaping the future of the nearly 700 million people in the region.

An increasing number of Africa's leaders now understand that the continent's future prosperity depends on trade and foreign investment. They are working to create a better environment for doing business, by privatizing state-run enterprises, revamping commercial codes, and adopting sound fiscal policies. As a result, overall economic growth in Africa has averaged nearly 4 percent over the past four years, and our exports to the region have risen by an average of more than 11 percent per year over the same period.

The United States has a direct stake in seeing this economic progress continue. It means better business

opportunities for American companies, especially in the oil industry. (America already derives over 14% of its oil from Africa, and in Central and West Africa exploration and production is accelerating significantly.) And it means that African nations could be stronger allies, and less dependent on international assistance, in the decades to come.

So once again, I urge Congress to pass the African Growth and Opportunity Act. This trade measure would provide essential support for the process of economic reform across the continent, and expand our trade with one of the largest untapped markets in the world. As we saw once more at last month's historic U.S.-Africa Ministerial, Africa's governments are unanimous in their desire to see this bill enacted into law.

In Africa, as elsewhere, we can have the greatest impact where we have partners. So we are working with the Organization of African Unity, the United Nations and regional leaders to try to help resolve the conflicts in the Horn of Africa, the Democratic Republic of Congo and Angola. We are helping the West African peacekeeping force, ECOMOG, try to stop the brutal fighting in Sierra Leone. And through the President's African Crisis Response Initiative, and crucial but modest support to the OAU's Conflict Management Center, we are strengthening Africa's own peacekeeping and dispute resolution capabilities.

Because regional partners are so important, it is essential for us to continue our strong support for the positive developments in Africa's two anchor states, South Africa and Nigeria.

Five years ago, Nelson Mandela was elected as the first president of a free South Africa. In June, he will step down; the voters will select a new parliament; and that parliament will choose Mandela's successor. Mandela's wisdom will of course be missed; there are few leaders in world history as beloved; but the fact that this transfer of power is taking place so smoothly marks yet another step forward in South Africa's transition to normal democratic governance.

One of the great accomplishments of the Mandela administration has been to reduce the government's role in the economy and promote private sector investment and

competition. But in many ways the job of building South Africa's democratic institutions is just beginning. For instance, the arduous process of restructuring the country's public school system is now underway, but will require years to complete. And while political violence has receded, violent crime of a more prosaic nature, including organized crime, has become a major problem.

It is too soon to call Nigeria a democratic success story, but that country's political situation has improved dramatically over the past year. As recently as last summer, it was ruled by one of the world's most brutal and corrupt dictators. At the end of February, Nigeria chose its first elected president in over fifteen years. The elections were far from perfect -- but the people's choice was clear.

President Clinton, Treasury Secretary Rubin and I met with President-elect Obasanjo on March 30th, and assured him that we would provide strong support for Nigeria's transition to democracy. For the future of the continent, the stakes could not be higher. Nigeria has the largest population in sub-Saharan Africa and is a dominant cultural, economic, and military power. A successful democracy, coupled with a revived economy, could be an engine for positive change throughout the region.

Nigeria, South Africa and most other African nations have long and difficult journeys ahead. They will need to persevere in spite of the setbacks and discouragements that are bound to come along the way. The United States needs to stay the course as well. We should continue to provide essential assistance to those who are working to open markets, and strengthen civil society, representative democracy and the rule of law. This is the strategic approach that drives our policy and for which I ask the support of this Subcommittee and the Congress.

II. GLOBAL OPPORTUNITIES AND THREATS

Mr. Chairman, to protect the security and prosperity of our citizens, we are engaged in every region on every continent. Many of our initiatives and concerns are directed, as I have discussed, at particular countries or parts of the world. Others are more encompassing and can best be considered in global terms.

A. Protecting American Security

The first of these is our strategy for ensuring the fundamental security of our citizens and territory -- a challenge that differs substantially from the past.

The risks of all-out Cold War confrontation have ended, and for that we remain grateful. But we face a variety of other dangers, some fueled by technology's advance; some by regional rivalry; some by naked ambition; and some by envy, resentment or outright hate.

During the past year alone, we have witnessed cowardly terrorist attacks against two of our embassies in Africa, the testing of longer-range missiles by North Korea and Iran, periodic threats from Saddam Hussein, and nuclear explosions in South Asia that fueled regional tensions and challenged the global nonproliferation regime.

This coming year promises scant relief from such perils. In his State of the Union Address, President Clinton outlined plans for strengthening our military, revitalizing our alliances, and preparing -- down to the community level -- for possible terrorist strikes.

Defending America requires both the capacity and the will to use force when necessary; and as our actions have made clear, we have both. But our security also requires the vigorous use of diplomatic tools to bolster the forces of law and prevent weapons of mass destruction and the missiles that deliver them from falling into the wrong hands.

The economic crisis in Russia and elsewhere in the New Independent States (NIS) adds urgency to the need for effective action. Thousands of scientists with WMD expertise are facing increased temptations to sell their know-how to terrorists or rogue states. And the risks of illicit weapons trafficking are likewise on the rise.

To address these growing proliferation risks, the President is seeking a total of $250 million in foreign operations funds this year for the State Department programs under the multi-agency Expanded Threat Reduction (ETR) Initiative. Building upon the far-sighted Nunn-Lugar program, State Department programs seek to engage weapons

scientists to prevent proliferation, halt smuggling, and enhance export controls.

These programs are carefully targeted at the highest areas of proliferation risk in a time of unprecedented transition and continued uncertainty. The State Department has always administered them with the highest possible standards of care and oversight. We do this with direct input and participation from a broad range of agencies to ensure that relevant policy, technical and intelligence assessments are all taken into consideration.

With your help, we will do everything in our power to sustain these high standards. And we ask your support -- for we must not let any nukes become "loose nukes." Nor can we let their deadly biological or chemical equivalents reach dangerous hands.

This year we are requesting $20 million to fund the CTBT Preparatory Commission, which will continue to lay the human and technical foundation for the Treaty's entry into force. Whether or not the test ban is in place, these funds will help build up the international verification system that will help us deter, detect and closely monitor any nuclear explosive testing around the globe.

As I indicated earlier, India and Pakistan are moving toward adherence to the CTBT by September. We should not give them an excuse to delay -- nor should we lag behind in realizing the benefits of a Treaty we led in negotiating and signing. I am strongly urging the Senate to approve the CTBT this session, so that we can participate fully in the first meeting of Treaty parties that will take place this fall.

I also ask your support for our proposed $43 million voluntary contribution to the International Atomic Energy Agency (IAEA). These funds will help the Agency continue enhancing the safeguards that permit it to verify compliance, worldwide, with the Nuclear Non-Proliferation Treaty (NPT).

Our request this year includes $55 million for the Korean Energy Development Organization (KEDO). This increase of $20 million will significantly reduce KEDO's standing debt and allow us to meet a critical national security obligation.

The Agreed Framework succeeded in freezing North Korea's dangerous plutonium production and separation facilities at

Yongbyon. Thanks to the Framework, those facilities are now under rigorous IAEA monitoring, and their spent fuel -- which could contain several bombs' worth of weapons-grade plutonium -- is now in safe storage. If the Framework is fulfilled, those nuclear facilities will eventually be dismantled and this nuclear fuel shipped out of North Korea.

As the members of this Subcommittee know, former Secretary of Defense William Perry has been conducting a tough-minded, comprehensive review of the United States approach toward North Korea. He has sought extensive congressional input, and worked closely with our allies, South Korea and Japan. He will complete his review this spring.

Meanwhile, as long as North Korea is abiding by the terms of the Framework, our support for KEDO remains a vital investment in our national security. I appeal to the members of this Subcommittee not to let a lack of funding cause the Framework's demise.

All told, we are requesting $231 million for our Nonproliferation, Anti-terrorism, Demining and Related Programs Account (NADR) in FY 2000. These funds support our global export control assistance efforts; and in the New Independent States, $10 million in NADR funds supports nonproliferation activities under the Expanded Threat Reduction Initiative.

The NADR Account includes $40 million -- a proposed increase of $5 million -- for America's commitment to global humanitarian demining. Especially in light of our inability, at present, to join the Ottawa Convention, maintaining U.S. leadership through the Demining 2010 initiative is a practical, political and moral imperative.

NADR funding also enables us to work with friendly counties in a multi-year, multi-faceted global campaign to deter and defend against terrorist attacks; and to pursue, prosecute and punish the criminals who commit them. This is a paramount national interest for which we are requesting $43 million to fund specific programs.

Our programs to combat terrorism protect Americans working and traveling abroad. Our Anti-terrorism Assistance (ATA) program enhances the skills of security officials in selected countries so that they may be more effective partners in preventing and punishing terrorist acts. We have launched new training initiatives to counter

terrorist fund-raising and the potential use of weapons of mass destruction.

The increased funds we are seeking this year will also help fund new initiatives to interdict terrorists and detect explosives at the borders of developing countries. And our request will help expand the ATA training beyond the traditional areas of the Middle East and Latin America into Africa and the New Independent States to help the emerging terrorist threats in those areas.

Mr. Chairman, our diplomacy and our programs play a key role in the unrelenting campaign to combat terrorism. I am convinced that this effort is saving and will save American lives. And I know that it merits the full support of this Subcommittee.

Finally, I also urge this Subcommittee to approve the President's Budget Request of $3.43 billion in Foreign Military Financing (FMF). This program enables key friends and allies to meet their defense needs by financing acquisition of U.S. military articles, services and training. FMF also promotes our interests by binding our coalitions, cementing our military relationships and enhancing interoperability with U.S. forces.

B. Sustaining American Prosperity

A second overarching goal of our foreign policy is to promote a healthy world economy in which American genius and productivity receive their due.

The American economy is strong today because of the energy, innovation, and skills of the American people. We have the most competitive economy on Earth. Our foreign policy cannot take credit for that; but we can and do support it.

Since President Clinton took office, we have negotiated more than 240 trade agreements, including the Uruguay Round and agreements on information technology, basic telecommunications and financial services. This matters because trade has been responsible for almost one-third of the sustained economic growth we have enjoyed these past six years. Currently, more than ten million U.S. jobs are supported by exports, and these are good

jobs, paying--on the average--significantly more than non-trade related positions.

This Subcommittee can help us to build on this record by supporting the President's funding request for agencies such as the export-import Bank, the Trade Development Agency, and the Overseas Private Investment Corporation, which help our businesspeople find new markets abroad.

During the past decade, the trend towards more open rules of investment and trade has helped to spur record economic expansion and raise living standards in much of the world. Over the past two years, however, the financial crisis has applied the brakes to many national economies and plunged a number, particularly in East Asia, into reverse. Although the U.S. economy has remained healthy, important sectors such as agriculture, aircraft and steel have been adversely affected by shrinking export markets and increased pressure from low-priced imports.

We have responded on two levels. First, we have rigorously enforced our laws against unfair trade.

More broadly, President Clinton has come forward with proposals designed to restore world economic growth, reform international financial institutions, ensure fair treatment for U.S. workers and firms, and assist our trading partners in improving the management of their financial sectors.

For example, we have encouraged Japan to implement reforms that would help make that country once again an engine of economic expansion. We have joined forces with the World Bank and the IMF to prevent the financial contagion from spreading further and to meet urgent humanitarian needs. And we have made it clear, in promoting trade and supporting the role of international financial institutions, that serious consideration must be given to environmental and worker standards.

Unfortunately, there are no quick or simple solutions to the problems many countries now face. Success in the global economy requires sound fiscal and monetary policies, transparent financial systems, good governance and the rule of law. It is no accident that nations with these attributes have fared best in the current crisis.

Nations with deeper problems must take the tough steps required to develop broad-based and accountable democratic institutions that will earn investor confidence and engender public support. It is in our interest to help nations that are prepared to undertake these reforms and we ask your support in doing so.

Accordingly, I urge you to approve the President's request for $1.394 billion in FY 2000 for Multilateral Development Banks, which include the World Bank and five regional development banks. And I ask you to endorse our request for $143 million for the U.S. annual contribution and arrears payment to the Global Environmental Facility (GEF).

The multilateral banks lend and invest in developing economies and private sector enterprises where risks are too high for private financing alone and where leverage is needed to spur such financing. Bank policies reflect U.S. priorities by stressing the need for borrowing countries to implement financial sector reforms, fight corruption, observe sound environmental and labor standards, and create a favorable climate for investment.

In recent years, trade and private sector development have played increasing roles in efforts to foster development and raise living standards around the world. But this does not diminish the critical role played by professional development organizations such as USAID.

We know that many of the fastest growing markets are in developing countries where the transition to an open economic system is incomplete. Often, these countries are held back by high rates of population growth, lack of access to health care and education, a scarcity of natural resources or conflict.

When democratic institutions in a developing country are weak, that country will be less likely to grow peacefully, less able to confront international terrorists and criminals, and less inclined to do its part to protect the environment.

That is why our support for sustainable development is important to our interests.

The heart of our bilateral assistance in this area is contained in three USAID accounts, for which we are requesting a total of $1.848 billion, up slightly from last year's appropriation.

The Development Assistance account supports basic economic growth, agricultural progress, environmental stewardship, democracy and good governance.

USAID's Child Survival and Disease Programs Fund is designed to save and enrich people's lives through improved maternal and child health and nutrition, lower HIV transmission, wider access to health services and basic educational opportunities.

Finally, the Development Fund for Africa covers a broad range of urgently-needed services, and includes this year an expanded Africa Food Security Initiative and a $35 million request for the Africa Education for Development and Democracy Initiative.

When we contribute to multilateral efforts to promote sustainable development, we leverage as much as eight or ten times our national contribution to support goals we share.

This year, we have requested $80 million in contributions to the United Nations Development Program (UNDP). For years, UNDP has been at the forefront of helping developing countries establish democratic institutions, market economies and basic human rights.

The need for UNDP's work remains especially strong among African countries struggling against the plagues of conflict, poverty and disease; and among Asia's poorer nations. It also plays a major role in supporting women worldwide as they strive to gain more equal access to the levers of political and economic power.

Like UNDP, UNICEF plays an important role in countries suffering or recovering from the devastation caused by civil or international conflict. Around the world, UNICEF helps protect children--a society's most vulnerable members and its hope for the future. We are requesting $101 million for UNICEF for FY 2000.

Mr. Chairman, one of the most inspiring ways this account helps make a difference in the lives of men and women in this country and around the world is through its support for the Peace Corps. The Peace Corps has been one of this country's most successful programs overseas--both in bringing skills and knowledge to those who desperately need them, and in gaining goodwill for our country. President Clinton's request for $270 million in funding will put us well along the path to our goal of having 10,000 volunteers serving overseas early in the next century.

C. Fighting International Crime and Narcotics

A third global objective of our foreign policy is to fight and win the struggle against the hydra-headed evil of international crime.

Drug cartels and other international crime gangs threaten us every day, whether we are pursuing business opportunities overseas or going about our daily business here at home. Crime and corruption also pose major threats to democracy and economic reform in Latin America, Africa, and the former Soviet Union.

President Clinton spoke to these dangers last spring when he unveiled a comprehensive strategy to integrate all facets of the federal response to international crime. Led by our Bureau of International Narcotics and Law Enforcement Affairs, the State Department is a key partner in this effort, which is designed to extend the first line of defense against crime far beyond U.S. borders.

To this end, we are working with other nations around the globe to train police, prosecutors and judges, seize drug assets, help farmers find alternatives to illicit crops, expose and close front companies, halt money laundering, track criminals and bring smugglers of contraband to justice.

In our own hemisphere, these comprehensive efforts have paid clear dividends. In 1998, coca cultivation in South America declined to its lowest level in a decade. Peru has cut cultivation by more than 55% in three years, and Bolivia has made impressive progress as well. Colombia remains a major challenge, but the election of President

Pastrana provides an opportunity to step up our efforts there.

In Africa, Nigeria is the key, and we are encouraged by the prospect of a democratic transition in that country. It is essential, however, that we have the flexibility in administering our anti-narcotics and crime programs to devote sufficient resources to the African sub-continent. A significant portion of the heroin interdicted in the U.S. is traceable to African smuggling organizations.

In Asia, we are handicapped by the repressive nature of the authorities in Burma and Afghanistan - the world's two leading producers of heroin. We are doing our best to address the problem by working through neighboring states, regional organizations and the United Nations.

In Russia, Ukraine, and the other New Independent States, we continue to focus our efforts on helping legislators to draft fundamental anti-crime and corruption laws, and on law enforcement training. We are also negotiating agreements that will allow our own law enforcement officers to cooperate more effectively with their counterparts in these countries.

There are no final victories in the fight against international crime, but - as our increased budget request of $295 million for this year reflects - we are pushing ahead hard. Our purpose, ultimately, is to create a tightly woven web of agreements, laws, inspectors, police and judicial power that will deny drug kingpins and other criminals the space they need to operate.

D. PROMOTING DEMOCRACY, HUMAN RIGHTS AND RULE OF LAW

American policy is to promote democracy, the rule of law, religious tolerance and human rights.

We believe, and the Universal Declaration on Human Rights affirms, that "the will of the people...expressed in periodic elections" should be the basis of government everywhere. We are working actively to promote the observation of this principle around the world.

Earlier in this statement, I mentioned some of the specific programs we use to aid democratic transitions, support free and fair elections and help democratic forces

build civil society. These include our Freedom Support Act and SEED programs and the assistance provided by USAID's Democracy and Governance Center.

These programs reflect our ideals and serve our interests.

When we support democratic forces, we are aiding our natural partners and helping to forge an ever-expanding community of democratic nations that can work together to strengthen democracy where it exists and lend support to those who seek it where it does not.

We know from experience that democratic governments tend to be more successful at preventing conflicts and coping with the turbulence of the global market than regimes that do not answer to the people.

Our support for the right to democracy is part of our broader effort to elevate global standards of human rights and respect for the rule of law. Our goal is to enter the 21st Century moving ahead in these areas, not just settling for the status quo.

Accordingly, the United States will continue to support democratic ideals and institutions however and wherever we can effectively do so.

We will continue to advocate increased respect for human rights, vigorously promote religious freedom and firmly back the international criminal tribunals for Rwanda and the Former Yugoslavia.

We will support efforts to help women gain fair access to the levers of economic and political power, work with others to end the pernicious trafficking in women and girls, and renew our request for Senate approval of the Convention to Eliminate All Forms of Discrimination Against Women.

And as the President pledged in his State of the Union Address, we will continue working through the International Labor Organization to raise core labor standards, and to conclude a treaty that would ban abusive child labor.

Finally, Mr. Chairman, I urge approval of the President's Budget Request of $52 million for International

Military Education and Training (IMET). This program helps bring military justice systems around the world into closer alignment with internationally recognized human rights. IMET serves American interests and values and it is worthy of the Subcommittee's support.

E. PROVIDING HUMANITARIAN ASSISTANCE

This year, we have requested $660 million for Migration and Refugee Assistance and $30 million to replenish the U.S. Emergency Refugee and Migration Assistance Fund. The total is a $20 million increase from FY 1999 appropriated levels. As recent events in the Balkans demonstrate, it is critical that we remain well prepared to provide protection and relief to those fleeing repression and violence. We have also requested $220 million for international disaster assistance.

III. CONCLUSION

Fifty years ago, only a short distance from where we are now, President Harry Truman delivered his first and only inaugural address.

In what came to be known as the Four Point speech, he challenged Democrats and Republicans alike to lend a hand to those struggling for freedom and human rights; to continue programs for world economic recovery; to strengthen international organizations; and to draw on our country's vast expertise to help people help themselves in the fight against ignorance, illness and despair.

Today, we are summoned to meet similar responsibilities in a far different time -- and to honor principles that will endure for all time.

In so doing, we must heed the central lesson of this century, which is that problems abroad, if left unattended, will all too often come home to America.

We Americans draw immense strength from the fact that we know who we are and what we believe. We have a purpose. And like the farmer's faith that seeds and rain will cause crops to grow, it is our faith that if we are true to our principles, we will succeed.

Let us, then, do honor to that faith. In this final year of this turbulent century, let us assume, not with complaint, but welcome, the leader's role established by our forebears.

And by living up to the heritage of our past, let us fulfill the promise of our future--and enter the new century free and united, prosperous and at peace.

To that mission, I pledge my own best efforts, and respectfully solicit both your wise counsel and support.

Thank you very much. And now I would be pleased to respond to your questions.

Mr. CALLAHAN. Thank you, Madam Secretary. At this time we will recognize the Chairman of the full committee, Mr. Young of Florida.

Mr. YOUNG. Mr. Chairman, thank you very much. And Madam Secretary, I would like to compliment you on your source of energy. We see you showing up in all parts of the world, always looking fresh and bright and energetic; and I am wondering where that source of energy comes from. I think we would all like to know that.

Secretary ALBRIGHT. Makeup is a wonderful thing.

MR. YOUNG'S OPENING STATEMENT

Mr. YOUNG. And I want to compliment Chairman Callahan in advance because he is going to have a major responsibility this year to get as much out of the foreign operations account as he can to do the things that you think and that he thinks needs to be done. And also Chairman Jerry Lewis, who will have the largest part of the supplemental as we deal with the national defense aspect of the Kosovo involvement.

But also on this subcommittee—if you look closely you will see that there are four subcommittee chairmen as Members of this subcommittee, which gives it a very high priority and very senior members. And I think that is good because they are going to have a difficult time this year. And I wanted to focus on the issue of Kosovo if I could and how that relates to the rest of our responsibilities in the world.

And most of my comments will be related to national defense and the Defense Department, but these days it appears that your department and the Defense Department are pretty much merged on a lot of the issues. So I don't feel out of order talking to you about them.

But as we bring resources, military resources, into the Balkan area, we are stretching really thin, Madam Secretary; and I have been bringing this message to the administration and to my colleagues in the Congress for the 4 years that I served as Chairman of the defense subcommittee. But we are stretched very thin. And today as we increase our involvement in the Balkan region, we are taking resources from other areas of responsibility.

For a number of years, we have talked about being able to deal with two MRCs, major regional conflicts, simultaneously. I don't think we can do that. Just recently, I have seen resources taken from the Korean theater, the aircraft carrier which has disturbed our allies in the region, the U–2 planes that have been taken out of the region. F–15s that have been dedicated to the defense of Korea and/or Japan have been rededicated now to the Balkan area. EA6–Bs that were very important in Northern Watch in Iraq have been dedicated now to the Balkans.

And I am concerned that we are stretching so thin that if something really serious like a major regional conflict developed, we would be in trouble. And I worry about North Korea because, as you know, you and I have met with the leadership on many occasions and on some of those occasions we have talked about North Korea, the development of the No Dong missiles, the Taepo Dong missiles, the many underground facilities that the North Koreans

have. South Koreans are a little edgy about this; our U.S. troops in the region are edgy about this.

So the point that I am getting at—I am going to enlist your help in convincing the administration—is that when they send this supplemental down that we are prepared to consider as an emergency without offsets that it be adequate, not only to replace the bullets and the missiles and the spare parts, the equipment that we are wearing out in the Balkans, but to recognize that there is a serious stretching very thin of our overall capability and hopefully support us in our effort to try to get the military back to where it should be as far as training hours, as far as spare parts, steaming hours for ships, and things of this nature, things that we all know about.

But the meeting we were supposed to have yesterday was canceled for some reason. But we need to start the process quickly on the dollar numbers. The number that I am reading in the newspapers, in my opinion, will be totally inadequate to carry the Balkan—even the Balkan issue from now to the end of the fiscal year, because none of us know how much of an involvement will be between now and the end of the fiscal year. So what I am urging is an open mind and a realization that we have to do more than just replace the bullets and the missiles, because we are wearing out troops. We are wearing out equipment. And I know you understand that. And I know you will be supportive, at least I hope that you will be. And I thank you for listening to me.

KOSOVO

Secretary ALBRIGHT. Mr. Chairman, let me just say that I think what has been quite remarkable in this administration, especially as we look at Kosovo, has been the integration of the efforts of the military with the diplomatic efforts, and the very close work that I carry on with Secretary Cohen and Chairman Shelton and the amount of time we all spend together analyzing the various angles of the problem and supporting of each other.

I have the highest respect for the American military. Without it this country would not be what it is, and I believe that the military needs to have what it must have in order to be the strongest, best military in the world. I am grateful every day to what our military is doing, not only in Kosovo, but everywhere in the world. When I travel, I make a point of visiting the troops.

I have also spent a lot of time in trying to work on a policy where force and diplomacy work together. I think that one without the other is not effective. Kosovo is a very good example where we have tried for 10 years to solve the problem diplomatically and ultimately needed the threat of force and the use of force to support diplomacy. Now diplomacy is acting in support of force. So with that I went to the NATO ministerial meeting on Monday. It was in order to show the political support for the NATO alliance.

I do believe that this is a package. Secretary Cohen and I are talking about mutual support for each other as we look at the emergency supplemental. It is a true emergency and needs to be dealt with in that way.

The State Department part of it will consist of requests for humanitarian assistance and assistance to the frontline states and the Kosovars and security needs in terms of police training, and

war crimes and our operating budget. But I am more involved in having discussions, not making decisions, about OPTEMPOs and making sure that our military has what they need to do the job. I agree completely that we need to support them, and I am counting on you and Secretary Cohen to support the other parts of the supplemental.

Mr. CALLAHAN. Mr. Obey.

Mr. OBEY. Thank you, Mr. Chairman. Madam Secretary, good to have you with us. I don't intend to ask a question, I would just like to ramble a little bit and lay out a couple of my observations and concerns.

KOSOVO SITUATION

As you know, I did not support the original resolution endorsing the placement of U.S. peacekeepers pursuant to Rambouillet. I did that for a couple of reasons. First of all, as you know, I had a couple of concerns about the agreement that was reached there. More importantly, I did not believe it was any business of the Congress to decide where peacekeepers should be placed because I feel that the placement of peacekeepers falls within the President's commander in chief prerogatives. And I also felt that the Congress' vote was coming too early because we did not yet know what the final conclusion was going to be to that conference, and I don't believe in giving any administration a blank check.

Having said that, as I made quite clear, I fully support what NATO is doing at the moment. I think we had no historical choice. I said in the speech on the floor when we were debating the issue that if we had a vote on the floor to deal militarily with the situation, I would vote yes.

But I am concerned about some of the second-guessing that is going on. And I would like to walk through some of that. We now have, for instance, a lot of people in the Congress insisting that we move in with ground troops. I would point out that the vote in the Senate, which was only an authorization for an air war, was a fairly narrow vote. And I doubt at the time that if the Senate had voted on ground troops that they would have voted yes. I think the Congress needs to be a little skeptical about its own advice these days.

Secondly, sometimes when you are operating with an alliance, you don't have the luxury of doing everything you would do if you were operating alone. President Bush found that out the hard way when he was criticized for supposedly stopping one or two days early in Iraq and not going into Baghdad and cleaning out Saddam then. In my view, President Bush had no choice but to do what he did because the alliance that we had had never agreed to move on to Baghdad. And so to keep the alliance together, he chose an imperfect solution. I think he had no choice at the time. And I think the administration has had the same situation with respect to the cries for ground action in Kosovo at this moment.

I think it has been amazing how far you have brought the NATO alliance. But if General Clark had asked for ground troops in the beginning, I don't believe he would have even gotten NATO's permission to proceed with an air war. And I think it is important to understand what this history has been.

On June 25 of '91, Croatia and Slovenia declared their independence. In June 26 of '91, Serb forces moved into Croatia in areas with large Serb populations. In October of '91, Albania occupied Kosovo. On December 15 of '91, Germany warned that they might recognize Croatia and Slovenia before Christmas. At that time President Bush cautioned them; in my view, correctly so. The next day, Germany did recognize Croatia. I went to Germany the following April. My son was a student at the University in Germany, and I gave a speech there. I noted what the Germans had done in recognizing Croatia, and I indicated that I felt that having done that, they had incurred certain responsibilities. And one of the responsibilities was to face the fact that Milosevic's continued reaction to the destruction of Yugoslavia and the western recognition of some of those countries would inevitably lead to the need for them to use military action. That speech was not well received, to say the least. They thought I was nuts. But the fact is that today what I said, has largely been borne out.

But now we are hearing a lot of second guessing. I want to stipulate publicly that when I was in briefings with the administration, with the military, with the CIA, with you, with the Secretary of Defense, and with the President, we were told up front by the President, nose to nose, that the Congress needed to understand that this air war might not go very well, especially at first. And we were told specifically that it might very well not succeed in preventing Milosevic's driving out the Kosovars, but that it would at least degrade his military capability and begin to create the conditions that we would hope would eventually lead him back to the bargaining table. So I don't feel that what has happened so far is any surprise, given what we were told about ahead of time by the President.

But I believe certain things need to happen. I do believe that the President needs to go on television and explain to the country why he is asking for the supplemental. I think when he does that, he needs to make quite clear what Mr. Milosevic was planning in Operation Horse Shoe. My constituents don't know that he was planning to wipe out a village a day because he felt if he didn't do any more than that, the West would not react. And when my constituents are told that, they immediately understand that the carnage that is occurring in Kosovo is not because of NATO; it is because of Milosevic and his thuggery, and I think the President needs to go on television and explain that.

I think the President also needs to continue to insist that these funds not be offset. If we had run World War II by having the accountants govern rather than the military strategists and the political leadership, we wouldn't be worrying about having to take on Mr. Milosevic in Kosovo today because Nazi flags would still be flying in Belgrade and in Kosovo. We fought the war first, and we did the accounting afterwards.

It seems to me that this is clearly an emergency and so is Central America. After all, we are being asked to take about 20,000 refugees from Kosovo. We have 1,000,000 refugees coming out of Latin America if this is not handled right. That is a far greater direct impact on our own society than the war in Kosovo will be.

The other thing I want to say is that when people are urging that the Russians be involved—and I think they need to be involved—I think it is going to be immeasurably more difficult to get them involved when they see, for instance, that the Congress has taken $300 million off the table in the bill that the House passed a month ago, taken $300 million off the table to finance an agreement we are trying to get started with the Russians on converting weapons-grade plutonium. It just seems to me that that, indeed, is a strange way to build confidence with the Russians that they can deal with us on issues.

So I would hope that the White House would be firm in its insistence that accountants not rule the game. And I also would make one other observation. I think it is to the credit of the American people and to our press that they are concerned about casualties on the other side. I think that says something good about human beings in our public and in the press. But at the same time, I think the press has to be careful in its coverage of the mistakes that are made by NATO to not wind up creating the impression that somehow because mistakes are made by pilots that therefore we should be pulling our punches in what we are doing in Kosovo. I just have to say that if NATO pilots were consistently as accurate as the press is, that on occasion NATO bombs would be falling on Iowa.

So I would simply urge people to recognize it is a hell of a lot easier to second guess when you are sitting behind a committee table or behind a TV camera than it is when you are in the cockpit or when you are in NATO headquarters or when you are trying to deal with this situation from the front lines. To me, this is the time when we have got to come together, and we need to do it fast. And while no one is going to agree fully with what any administration does on any of these subjects, I think that you are doing the very best you can under difficult circumstances, and we need to stand with you.

NATO

Secretary ALBRIGHT. Thank you very much, Mr. Obey. I appreciate very much your going through the history of this and the attempts that we have made.

I am very proud of what this administration is doing because I think we are standing up for American values, the necessity of dealing when there is a barbaric attempt to cleanse ethnically a whole group of people and when we see the plight of the refugees. I appreciate very much your making that clear. The President is giving a speech today on the West Coast in San Francisco, and I think he is going to express again the sense of determination that we and NATO have to carry this out. I have said this before that I would much prefer to be questioned by the press or questioned by all of you about what we are doing than to be sitting here and have all of you say why aren't you doing this? Why are you standing by while this great horror is being carried out?

Mr. OBEY. I do want to add one thing because I don't want to leave any confusion. I do not object to the administration's preparing for the eventuality of having to use ground troops. In fact, I favor that. I recognize how difficult that is, given the concerns of some of our other NATO allies. But I think without busting up the

alliance, we need to do as much as we possibly can to prepare the infrastructure for the use—for the possible use of ground troops if Milosevic does not respond to the air campaign, because I am highly concerned that when this is all over and we finally do get into Kosovo, we are going to find large numbers of people no longer with us. And I don't think we will feel very comfortable if we haven't done everything possible to avoid that catastrophe.

OPPOSITION TO GROUND TROOPS

Mr. CALLAHAN. Echoing some of the discussion on ground troops, Mrs. Albright—I have expressed this to you and to the President—I don't care what the polls say, I am opposed to American ground troops in Kosovo under any circumstances, whether they be peacekeeping or other types of ground troops. We are participating and cooperating with the alliance. Our proportional financial contribution, including our Navy and Air Force, are far more of a contribution than any other country is making. But I am not elected to make military decisions. The President and his military people make those decisions. I am elected by the people of my district in Alabama to represent them in the Congress of the United States.

I did not poll the people of Alabama. My personal view is that American ground troops in Kosovo are wrong and unnecessary and that anything we can do to preclude the use of American forces on the ground in any part of this endeavor. I am going to be opposed to the introduction of our troops in the region. Mr. Lewis. Chairman Lewis?

FUNDING CONCERNS

Mr. LEWIS. Mr. Chairman, let me express my appreciation to you, to Ms. Pelosi, and to the rest of my colleagues for allowing me to be present, in part, wearing the hat that relates to my other work in the appropriations process. Madam Secretary, you may not be aware that our Ranking Member, Mr. Obey, and I spent over a decade together on this subcommittee in the past; and I must say I applaud his statement today. Rambling, he suggested, but very cogent in terms of the problems and priorities that are a part of our current crisis.

In that earlier decade, he and I didn't always agree. We argued a bit about Central America and El Salvador, et cetera, but at the end of the game we have had a different kind of success in Latin America than we are experiencing currently in the Balkans. And so, today, Madam Secretary, I come back as a Member of this subcommittee for no light reason in this very challenging time. I want to join my colleagues in welcoming you here today and express my appreciation to your very committed, not just energetic, but capable efforts in connection with our challenges, particularly in Europe.

It is a privilege to serve on this subcommittee. But the challenges of wearing that hat as the chairman of the defense subcommittee are entirely another thing. As a consequence, in our current activities in Kosovo the whole difficulty of solving the immediate problem and finding our way out weighs very, very heavily upon this member.

I know that today's session will largely focus upon questions about Kosovo, for it is a necessity in this subcommittee. But as we

do that, I must tell you that I am looking at this situation from another perspective. It is extremely important that America not lose its broader focus. We have been involved in a number of missions that were planned; some were not planned. Several were unforeseen, clearly several unbudgeted. And I would ask the committee just to focus for a moment on some of that.

There have been missions that to many have been questionable from a national security perspective and missions whose demands in terms of people, equipment, and money have been both substantial and debilitating to our overall military preparedness. The military deployment to Bosnia has already cost us over $9 billion, a figure that will grow to perhaps maybe even more than $11 billion by the end of fiscal year 2000.

Operations against and around Iraq have cost about $7 billion, as we can measure it this moment. I am concerned that as we are addressing Kosovo we are moving forces away from the region around Iraq, and that in itself creates a number of questions that are extremely problematical. Haiti and Rwanda and other contingencies have cost us over a billion dollars. Easily one can total in this variety of missions some $20 billion, largely unbudgeted, which puts great pressure on our military processes.

We have, as you know, for some time been steadily reducing the gross dollar amount allocated to our defense systems; and yet you have clearly understood that there is a direct linkage between our ability to carry forward our responsibilities as the leader in the free world and our need for military strength as we are now engaged in combat with Serbia. Madam Secretary, as I said earlier, I am sure we will dwell on that problem largely today. That is more than understandable under these circumstances. But I raise these other points to remind you and others that Kosovo is not only a national security problem. We obviously can confirm today that it expands well beyond just the Balkans. Iraq, North Korea, China, India, Pakistan, Iran, and, of course, I certainly hope no one on this subcommittee is forgetting Russia.

All of these are potential flash points, all posing serious problems that engage our Nation's core national security interests. I must ask how and whether we can rely upon our military strength for possible contingencies in these areas at the same time we have, in all likelihood, committed ourselves to long and costly commitments in the Balkans, even if the fighting were to end today.

When I ponder these questions based on where we are today, Madam Secretary, I confess that I am not optimistic. The issue is simple. Are we willing to commit resources needed to protect our vital interests in many of these hard target areas first, as we discuss Kosovo?

I would ask you to help me with two fundamentals. The first is I believe the American people continue to need a clear and understandable statement by the President as to what our humanitarian, as well as strategic interests, are in Kosovo and a plan connected with that objective as well as our end game. How do we get out of this at the other end? That is largely a defense question, Madam Secretary; but we are in this because of our defense responsibilities.

But the second question involves one that very much falls in the lap of this subcommittee specifically. As we get to whatever endgame there is, on all of our minds is the plight of these refugees who, in excess of a million, are in the minds of the American public as well. I ask you, if we are successful as a part of our plan in returning these refugees to their home communities, who is going to pay the costs of rebuilding Kosovo? The term NATO is very interesting and very important, but the burden usually falls very significantly upon the United States.

So who is going to bear these costs of the reconstruction of Kosovo? Clearly, that is a foreign operations or a foreign affairs question. Clearly, it is not a national defense question. So, Madam Secretary, as I appreciate the opportunity to ponder with you these very grave difficulties, clearly the problem is not going to end with just the war itself. It goes well beyond and involves your leadership specifically. I appreciate your being with us.

Secretary ALBRIGHT. Thank you very much, Mr. Chairman. Let me say that, as I said to Chairman Young, I believe very strongly that our military needs to have the assets to carry out its responsibilities, and that we cannot let down our guard in any other part of the world while we deal with the Kosovo issue. And I can assure you that we also spend a great deal of time thinking and talking about Korea, Iraq, and the other flash points. It is very much on our mind that we cannot focus on one thing to the avoidance of dealing with the issues there.

But let me just say—and you might expect that I am not here to discuss the Defense budget—but I would like to say the following: that the partnership between the Defense Department and the State Department is what is essential in carrying out our national security policy. We would also prefer to solve our problems diplomatically. One can try as much charm as possible, but ultimately it takes money. If you look at our budget as you are quoting those figures, do you know that our entire budget for the State Department is $21 billion? What I am coming here to ask for is $14 billion for all the work that we do in foreign operations, which has to do with a number of other issues that are in my long written testimony and some that I mentioned here that involve fighting the war on drugs or dealing with terrorism or dealing with human rights problems or assistance programs to countries that we are trying to make sure do not tip over into chaos and confusion and create instability for us.

It is a paltry amount, frankly, in comparison. It is 1 percent of Federal spending. And I think that most Americans are surprised, because as foreign policy is described and our foreign aid programs are described, you would think it was a quarter of the budget, and it is not. I believe that the best way to protect our military and work with it is for us to have an effective diplomacy and to work hand in glove together on it.

I would hope—and I am planning to speak out loudly on behalf of the Defense budget because I believe in it—that we also need those who speak on behalf of the Defense budget to speak for the foreign policy part of the budget, the diplomacy of the State Department. We can't have a hollow diplomacy. We cannot have buildings that are not secure, and we can't have buildings that are

secure where nobody has anything to do in them because we don't have any money.

As Mr. Obey said, you know, we can't do this by having accountants worry about how we take care of our policy. We need to have a robust policy. I have been saying that what is happening on the offsets now is that we are not only robbing Peter to pay Paul; we are robbing Paul.

We are robbing Peter to pay Paul. There is no money there. You cannot keep moving money around.

KOSOVO

Now, on the issues that you asked about, the President and I and his other advisors have said that our interests in Kosovo are very broad and deep in terms of America's interests. First of all, Americans, as we have seen, and the American public supports what we are doing, are appalled at the kinds of humanitarian tragedies. America cannot stand by while people are slaughtered and raped and ethnically cleansed and watch as that is taking place and creating a great sense of instability.

I happen to believe that the Balkan peninsula is very important to European stability and security. European stability and security is important to the United States. Making sure that ultimately that peninsula is integrated into a Europe where there is democracy and prosperity is important to the United States.

Finally, we have done a lot of talking about NATO. NATO is the prime military alliance of our time. This is the first war that it has really fought. The unity of NATO is remarkable, and America's leadership in it is something essential to the national interest. Those are the broad interests that we have, and I believe that, as the President is going to say a little later today, we must prevail. It is essential that we prevail for our national interests.

Now, the end game is that, as we have made clear, the air campaign is going to continue. Milosevic has the choice of saying that there will be an agreement, and that the Kosavars will be able to go home and will be able to have a self government and will be able to function within the Balkan peninsula. And as the President is going to say, we are prepared to inflict such damage to Milosevic's military that he either accepts the outcome that we seek, or the balance of power in Kosovo will shift against him at a time when his actions, far from destroying his opposition, are galvanizing its strength and determination. Ultimately he can choose to cut his mounting losses or lose his ability to maintain his grip on Kosovo. It may not come out with those words, but I think that the point here is that we are determined to prevail.

Also let me say, and I can provide you with more detailed information because I know that Chairman Callahan is interested, that the Europeans are carrying their fair share. They are carrying it by the contributions and the numbers of planes and the sorties. I will let Secretary Cohen talk more about that at some point. They are also sharing in terms of the amount of money they have put aside for economic and humanitarian assistance to Kosovo as well as to the neighboring front line states. They have agreed to take the leadership role in coordinating the international reconstruction assistance and in managing that. Obviously we are going to have

to take a role in that. But I think that more than I have ever seen the Europeans understand their prime responsibility for that. Our role in reconstruction is to leverage the money that we have with additional funds from them and to lead. Believe me I spend a great deal of time on the phone with my fellow foreign ministers. The American role in keeping unity and determination is essential, and I think that it is a role that we should be proud to have.

Mr. LEWIS. Thank you, Madam Secretary. I appreciate the Chairman's patience with my concern here. I am almost desperately reminded of a former Secretary of Defense by the name of McNamara in the Vietnam age and the word "gradualism". Madam Secretary, the refugees are at the other end of that. That will be the committee's responsibility. But between now and then there is almost an incredible job to make sure that the American public understands that they are in that for the long haul if we are going to go down that road. Gradualism had a different effect at a different time in our recent history. It could be disastrous for America's leadership unless a very solid foundation that involves the permanency of American public support has been well established by the President. Otherwise will be known as Clinton's war. At the other end, though, there is probably what used to be the Marshall Plan, potentially the Albright Plan, that involves all of the Balkans as a piece of the other end of this. Thank you.

Secretary ALBRIGHT. Thank you.

FUNDING CONCERNS

Mr. CALLAHAN. Madam Secretary, I want to recognize the chairman of the full committee. But let me just make an observation about some of the discussion that just took place. The responsibility of this committee is to fund the foreign operations of your State Department. That is our primary function. But seemingly here lately we are beginning to be more involved in the discussion of military activities. It appears if we continue the type of activity we are engaged in today before long we are going to have the Secretary of Defense sit next to you in order to have a hearing on foreign policy. That somewhat disturbs me. I don't know why, that just disturbs me.

Our role on this committee is to give you an adequate amount of money to have an effective foreign policy. You mentioned that we are only talking about $21 billion. I would remind you, and we discussed it earlier, that today is April 15. Americans in my district and in every Congressional district in our country are filing their taxes tonight. If you divide it by 435, each Congressional district will contribute about a billion dollars to the United States Treasury. So when we are talking in terms of only $21 billion or talking in terms of only a billion dollars, we are talking about all of the income taxes that are paid in any single Congressional district. So sometimes I think we lose sight of how much money we are talking about when we talk about billions of dollars.

I would think today especially, when the people in my district in Alabama recognize that when they send me a billion dollars, I am going to spend it all in one day? I am going to spend it all in just a matter of seconds here trying to help people? It is not a question of whether or not they support our efforts with respect to the hu-

manitarian aspects of this problem, but a question of real money coming into the Treasury for our appropriations.

So I am concerned about the apparent closeness of the Defense Department and the State Department. There are some in Alabama who ask me is it Mrs. Albright or is it the Defense Department, does she utilize the Defense Department to effect her diplomacy. That is a question that comes up. It may not be true, it may not be accurate. It may be unfair. But these questions come up and they ask if we going into a diplomatic room to negotiate changes that will make life better for all the world, and at the same time saying that if you don't do what we want, we are going to bomb you? That is a very serious perception that is beginning to take place. I doubt seriously that is the fact, but nevertheless it is a perception that we must be concerned with.

DIPLOMACY

Secretary ALBRIGHT. May I comment, Mr. Chairman. First of all, the point that I was making is that our budget is 1 percent of all federal spending. You were kind enough to invite me to Mobile. I had a wonderful time addressing a very large audience. At that stage the Asian financial crisis was hot and heavy. Your constituents asked me about the effects of the Asian financial crisis on your port. We talked about the importance of solving it because some of your industries were hurting as a result of the Asian financial crisis. I believe that the American public really does understand that there is no border now between domestic and foreign policy issues, and that there is nothing foreign about foreign policy. We are today focusing on the use of force in an area where we tried diplomacy for 10 years. It didn't work because, as "The Washington Post" has said, the Serb offensive was meticulously planned. When you are dealing with someone who has decided to eliminate a population or reengineer an entire province, there is a certain stage at which diplomacy will not work.

Diplomacy does work without force, however, as we have dealt with the trade crisis, in Thailand, Indonesia, South Korea. We are looking at what we are doing in Central America to develop a region of partnership with our hemisphere that is stronger than ever before. We are trying to encourage democracy and trade in Africa. This, diplomacy is an essential part of how the United States works.

As I have said, there are times that diplomacy needs the backing of force and force needs the backing of diplomacy. But for the most part, diplomacy works on its own. The purpose of foreign policy is to influence other countries to understand U.S. national interests, and we do that with a minimal amount of money and normally without the use of force.

I think that your constituents and everybody's constituents here understand that there is no border between domestic and foreign policy. What they don't understand is that it is only 1 percent of our budget that goes for that kind of active diplomacy.

IMPORTANCE OF FOREIGN AID

Mr. CALLAHAN. I might comment because of your visit to Mobile you have certainly educated the people of my district about the im-

portance, not only economic importance, but the overall importance of a well-financed foreign policy. That is not a question anymore because of the fact that you did explain it to them. I think that you recognize that you are well revered in my district. I am happy that you are not eligible to run for the presidency, because you do have a great deal of admiration and popularity in my district.

But regardless of your popularity or mine, we have a responsibility. That responsibility is—my role in government is appropriating money. That is my role. I think that I do have the responsibility and the right to question any agency of government and to try to help them understand that while the people do want and do understand the importance of an effective foreign policy, at the same time they are filing their taxes today and they wonder where all of that money is going to or will more money be needed in the future.

Secretary ALBRIGHT. I have no better partner than you, Mr. Chairman, in doing that work.

BUDGET RESOLUTION

Mr. YOUNG. Madam Secretary, yesterday the House passed the conference report on the budget resolution. I know some that support that resolution and some that don't and some that are sort of mixed on it. Because that happened we can now proceed with the assignment of the 302(b) allocations, and I am going to have to excuse myself because that process I am beginning that morning. But as I go to do that, and I know all of the members of the subcommittee are anxious to see what the 302(b) allocations are going to be, it is not going to be easy because as we look at the 1997 budget caps, I think everybody—all of the subcommittees are looking for the opportunity to meet more responsibilities than those budget capss provide for. However, as I go to do that, I just wanted to leave one other thought along the lines of my first comments to you.

For the last 14 years we have been reducing our investment in our national defense. Desert Storm, we had 18 Army divisions, today we have 10. The number of fighter wings in the Air Force are down substantially since Desert Storm. We have been, as Mr. Lewis pointed out, to so many deployments. I hope that you will pass on to the President, and I hope that you will agree, I have passed it on to him and I am not sure if he agrees or not, but Madam Secretary, you can't fight wars out of a petty cash fund. If you are going to fight wars, if you are going to commit troops, you have got to be prepared to pay for them. Congress has not been involved in any of the decisions to fight these wars, but we always get the bill at the end. So understand that as we deal with that supplemental, it has got to be realistic. We have got to get real and make up for a lot of lost time in our national defense at the same time we pay to replace the bullets and the missiles and the spare parts and things like that.

I appreciate you being here, and I apologize for having to leave but the 302(b) bill allocations are essential if we are going to keep on schedule for our appropriations bills. Thank you.

Secretary ALBRIGHT. Let me just say that our feelings about the budget resolution are not mixed.

Mr. YOUNG. I understand that.

Secretary ALBRIGHT. Thank you very much.

Mr. CALLAHAN. Thank you.

Ms. PELOSI. Thank you very much, Mr. Chairman. I am very sorry our distinguished chairman is leaving. We have been blessed on the Appropriations Committee with always having a very distinguished chairman and I know that Mr. Young will look out for the interests of our subcommittee in the 302(b) allocations.

Like the defense budget where the spending has been reduced, so too with the foreign operations budget. We are 25 percent lower than we were probably 10 years ago. Obviously, foreign aid is a good investment. If we do more diplomatically, we would have to do less militarily, and I think that is what the American people would like to see us do.

I appreciated your expression about the budget in your remarks and your response to our distinguished chairman, Mr. Young. I am concerned about, for example, initiatives that we want to take in Africa in development and in child survival, again our chairman is the leader there. Loan forgiveness is not one of his areas of interest, but it is one of mine. I regret that we missed an opportunity to stop genocide in Rwanda.

Specifically, I want to comment on the issue of AIDS, which is one that I have been particularly interested in. When we are talking about development in Africa, we have to recognize the impact of the AIDS epidemic there. I would hope that you use your good offices to place AIDS on the G–7 agenda in a very strong and positive way, because only then, I think, will there be the recognition of the impact of AIDS, not only on the people of Africa personally, but on their economies as well.

Moving on from there, as I mentioned on the question of China, I commend the Administration for moving on the resolution at the U.N. There is real need for that. Freedom House just put out its April report saying that since mid-1998 China has intensified its already harsh persecution of Roman Catholics and Protestants who insist in worshipping outside government control. Religious leaders are more likely to be jailed. Bishop James Su Zhimin and his auxiliary bishop, Ahn Shushin, from Hebei Province have disappeared after their arrest in 1996 for carrying out an unauthorized Marian devotion and are assumed to be in detention. The list goes on and on. And, as I mentioned earlier Bao Tong, I would hope that the President or you, Madam Secretary, would have brought the issue of Bao Tong and Xu Wenli up with Zhu Ronji. Perhaps you could respond in your answer.

My question is, in light of all that is going on in China and the continued repression following the President's visit, what is it that the administration has planned in order to be successful at Geneva with the U.N. resolution?

Secretary ALBRIGHT. Thank you very much. Let me say that you were very kind to comment about the State Department report. I think that is telling it like it is—something that I am very proud of. I made the point not too diplomatically at the Chinese reception honoring the 20th anniversary of our normalization. I made the points very clearly when I was in China, and I made the points very clearly here in my visit with Premier Zhu Rongji as well as

Foreign Minister Tang as well as the President. We have consistently raised the points very strongly, I can assure you.

On the question of what we are doing in Geneva. There is no question, Congressman Pelosi, that this is an uphill battle. The Chinese have been lobbying very strongly with a number of countries and Europeans generally. There was a sense that there were those who wanted to have a noncountry specific approach to China. We have insisted that there be a China specific resolution. And we have one more week before it comes up for a vote in Geneva. At this time no other country has agreed to cosponsor the resolution, which I think is depressing to say the least. What is going to happen is the Chinese will introduce a no action motion, and we are now lobbying very heavily to have countries vote against that.

I have spent an inordinate amount of time with my foreign minister colleagues over Kosovo, but every single time that I have that discussion, I also point out the importance of support on the China, first on the no action and then on the resolution itself. We have sent out worldwide cables. All of our ambassadors are making demarches on that subject, and we are pulling out every stop. But I think in all honesty that it is not easy. We will continue to pursue the resolution because it is the right thing to do. I can assure you that I have put a major effort into that.

Ms. PELOSI. Madam Secretary, I just hope that it is not too little too late in that regard. Anyway, I know that many of us on that committee would be very eager to be helpful to you in any way that we can in talking to some of the other countries. The Chinese have mixed economics and politics very well on the Commission while they admonish others not to do that.

The other point I want to make is that it seems so ironic that at the time when we are coming to defend the credibility of NATO by putting our young people in harm's way that we can't get a second to a motion from our European allies when we are talking about human rights elsewhere.

On the subject of Kosovo, moving on to that briefly, you have made an excellent presentation. As I listen to the exchanges here, I am reminded that Napoleon said that one bad general is better than two good generals. In this particular case it seems we have, again, 535 generals who know what we should be doing there. I have never seen a situation where the Congress is acting as if we know more about the military situation there than the President would, with the benefit of the Joint Chiefs and other resources available to him.

Could you for the record tell us what you have alluded to regarding Milosevic's plan for ethnic cleansing, whether or not the bombing had taken place, and I might add for my colleagues, the identity cleansing of the Kosovars by stripping them of their passports, birth certificates, and burning any place that would have records of their identity. If you would, Madam Secretary, for the record tell us about that.

Secretary ALBRIGHT. Let me summarize it. I actually think that it would be useful for the record if that article were included.

Ms. PELOSI. Last Sunday's.

Secretary ALBRIGHT. Last Sunday's, which I think details in a way that I can't do now all of the aspects of it. Let me just say the

following thing. If you look at the history of Milosevic's reign, what we find is that he used the nationalist card to gain power. It began with Kosovo when he made very clear in 1989 that he would remove its autonomy. Kosovo is an area that is an historically important area to the Serbs. Nobody denies that. But it doesn't mean that the majority ethnic Albanians and other minorities cannot live there. Milosevic has had this policy for a long time. What has happened is that in the last two years he has supervised the dismemberment of his country because he had lost Slovenia, Croatia, Bosnia, Macedonia. He has now returned to turn his attention to Kosovo.

This article is largely consistent with our data. It is a subject that I talk about with my colleague foreign ministers. What Milosevic had planned to do is reengineer the population of Kosovo to get rid of the Albanians. The Serbs won't even agree to the number of Albanians that are there. They planned to replace them with Serbs from other areas where they had been pushed out as a result of changes within Yugoslavia. Milosevic began to mass his forces, despite the fact that, as you know, in October there was an agreement made with him that he would reduce the number of his military, paramilitary, and the special police, the MUP, and withdraw them. He did not do that. He then systematically went and burned the houses of Albanians. If you fly over the area, you can see where the Serv forces systemically go after houses where there are Albanians living. They have pulled people out. They have sent military age men to what the KLA have described to me as concentration camps. They have put old women and children on the road. They have separated families. They have raped. They have used every form of degradation to destroy a people.

There are those who have asked why are we doing that? Well, we tried because we knew that he had this plan, that he had 30,000 troops massed on the border, with 300 tanks ready to go. We tried very hard not to have that happen. It is almost as if there had been a tape running of what was going on in Kosovo. What Milosevic did was once the bombing started was to put it into fast forward and put all of the plans that he had into place together as rapidly as possible.

As you pointed out, he has taken away the identity cards and identification of the people so that as people are allowed to come back in, he determines who is who. These people have lost their homes and identity.

Ms. PELOSI. Thank you, Madam Secretary. As our colleague, Mr. Obey, said, it is important for the American people to know his intentions. I thank you, Mr. Chairman. Thank you again for your courageous work.

Mr. CALLAHAN. Chairman Porter.

Mr. PORTER. Thank you, Mr. Chairman. Madam Secretary, I can imagine that you are sitting there saying why couldn't I have been Secretary of State during the Cold War, when things were simple and direct. I think we need to remind ourselves that we are engaged in two wars, at the same time. This morning, you have already received a lot of questions on Kosovo. I want to make a statement regarding that. First, however, I want to ask a question about the other war.

In Kosovo, I think the American people have to put this whole thing in historical prospective. For the first time in human history, the world's strongest nation is not using its power to gain or to conquer for its own self-aggrandizement. We are using that power to protect the world from ethnic cleansing and genocide and to extend freedom and self-determination on an oppressed people. That is the first time that that has ever happened. I think that the American people can be terribly proud for the values we are expressing to the world and the leadership we are providing.

Because you and I share the same commitment on human rights and democracy and the rule of law, you may think that I would be sitting here pounding on the table and saying that we have got to send ground troops into Kosovo right now. Clearly, I believe that the President should not have said at the very beginning that we are not going to do that. I think that was a gratuitous, colossal mistake on the President's part. He should never have taken that option off the table at the beginning of these hostilities because it leaves Slobodan Milosevic with the option of trying to simply wait out our air strikes.

I think the President should begin the process of reversing that position. He should be working quietly with all of our NATO allies to bring them together in a united front. To have complete participation from every NATO nation, even the newest ones, if ground troops are to be used eventually in Kosovo.

I personally think we ought to continue the air campaign and destroy every bit of Milosevic's infrastructure that we possibly can in an effort to bring the removal of his troops from Kosovo. I think this is the option that we should be pursuing very strongly at this point in time. If that is not going to work, I would then, if I were the President, announce together with my NATO allies that we will in fact use ground troops and begin mobilization in the hopes that that would bring him to his senses.

I think that the worst thing that could possibly happen to the United States and to our values and to our policies in Kosovo is that we undertake too little and fail. If we send in ground troops too early and have a lot of casualties, I think the American people might move back from that commitment. We must proceed very carefully. But I think the worst thing that could ever happen is that we end up giving in to a man like Miloservic, an ethnic cleanser, a dictator, and an instigator of genocide. In the end, we must have victory in Kosovo.

I want to talk though and I want to ask a question about the other war that is going on, the one in Iraq. Madam Secretary, we have lost our allies in the U.N. to a position of bringing this Iraqi dictator to heel. We have no surveillance or inspections going on of his building weapons of mass destruction. We seem to have no policy at all except to destroy his air defenses and we seem to be totally preoccupied in Kosovo while Saddam Hussein is left with virtually free rein to rebuild what has given him power in the past.

I think an argument, a very good argument could be made that the greater threat to U.S. and regional security is Iraq and that we have no direction in this area. And I would ask you specifically, Madam Secretary, what are we doing in this area other than to provide air cover in the north and south and destroy some of his

air defenses? Is Saddam Hussein taking advantage of this time when we are preoccupied in Kosovo? What is our policy there? What are we going to do to change that situation which could ultimately provide a far greater threat to the region than the one we face in Kosovo?

Secretary ALBRIGHT. Thank you, Congressman Porter. You are right. The Cold War was very dangerous but certainly simpler. You were mentioning Iraq and we could mention other areas that are of concern to us. This means that we have to be able to think about all of these areas at the same time and not deal with one to the exclusion of the other. I can assure you that that is not happening.

If I could just say one thing about the ground troops and then answer you on Iraq. I think that NATO's military commanders have not recommended the introduction of ground troops in Kosovo. We are in the third week of an intensive air campaign, and we have complete confidence that it will work. What I found again at NATO on Monday is the determination by all 19 allies now to have a sustained and intensive air campaign. I do think it is important for people to know that NATO has done detailed planning for ground troops as part of an international security presence if an agreement is reached. Last fall NATO completed an assessment of options to introduce ground troops in a nonpermissive environment. Both of these plans could be updated very quickly if it were necessary to do so.

On Iraq, let me say the no fly zones are being patrolled and action is taking place. What is interesting in terms of what you were saying about losing our allies is that the sanctions do remain in place. And the Security Council is considering this week the reports of a series of committees that were set up by the Security Council to assess how the monitoring of weapons of mass destruction can take place and their recommendations for intrusive monitoring as well as how to deal with the humanitarian situation. I have been very encouraged by the reports of what is known as this Amarand law, named after the Brazilian ambassador, that these reports are now being considered by the Security Council. We also have said that we would be prepared to use force if Saddam Hussein reconstitutes his weapons of mass destruction because we do agree that he is a threat to the region. That is why we undertook the activities that we did, as his threat is destabilizing to American interests there, and that is why we have the policy that we have. What is happening also is we are very concerned about the humanitarian situation and are working on how to make sure that more humanitarian goods are available to the people.

Finally, I have asked a very capable diplomat, Frank Richardelli, to work with the opposition groups, both inside and outside Iraq, to work towards changing the regime. Thus, we have not taken our eye off Iraq. What is interesting is that Saddam Hussein is experiencing some serious difficulties in southern Iraq among the Shiites. We are watching the situation very carefully, and the military component is in place. The regime change component is in place, and we are maintaining the sanctions and monitoring the regime issues that we are dealing with in New York.

Mr. CALLAHAN. Mrs. Lowey.

Thank you, Madam Secretary. Thank you, Mr. Chairman.

Mrs. LOWEY. Thank you, Mr. Chairman. I want to join my colleagues in welcoming you to this committee, Madam Secretary, and I want to express my admiration and my support for your firm and courageous leadership in handling this outrageous and colossal disaster in Kosovo, and also that of the President of the United States.

In my judgment, we had no choice. The United States is the leader of the free world and, as you have said so articulately, we cannot and we could not stand by and watch the slaughter and destruction of families and communities and see the rape and pillage of life in Kosovo. So I personally want to express my great respect.

We do have enormous leadership. We are the leader of the free world. With that leadership, in my judgment, comes great responsibility. I feel privileged to live in the United States of America and I have had great confidence in my constituents and constituents of other colleagues that when they hear of the slaughter and the inhumaneness that has taken place they rise to the occasion, and I have been very impressed with the response to the actions of the United States. I also feel that the national security interest in remaining engaged in Kosovo goes much further than the obligation to stop genocide there. The crisis in Kosovo, as you have expressed so eloquently, goes way beyond Kosovo and goes to that entire region and can destabilize other nations in that entire region putting more lives at risk and threatening the United States's interests throughout Europe.

Milosevic has chosen to perpetuate his reign of terror. I hope that we can eventually achieve a diplomatic agreement that will bring true peace and stability to the Balkans. But I also believe that it is extremely unwise, and my colleagues have made that point, to rule out any military options that could bring this crisis to a successful conclusion. I have had concern from the start that whether it is this committee or this Congress, for us to be debating military policy when, in my judgment, our position should be to win and bring this to a conclusion.

So I want to commend you again, Madam Secretary, and the President for your leadership. I think it is extremely important and I am delighted to know that the President is planning to make a statement today. I think it is extremely important that we lay out the facts that were expressed in the Washington Post article of this past Sunday, and help the American people understand why this action is so very important. I believe they feel it. I think they are outraged and angry when they see those pictures of terror, and I think it is very important that it be laid out very clearly.

Having just returned from Europe, could you share with us your discussions and meetings with Russian officials and enlighten us to their involvement other than what we have been reading in the newspapers?

Secretary ALBRIGHT. Yes. First of all, let me say that we believe very strongly that it is important for us to have an ongoing relationship with Russia even while it goes through a difficult period and does not agree with Russia us on the NATO bombing. We have short, medium, and long-term interests with Russia that have to do with arms control issues, the CFE agreements in Europe, general economic issues, and issues of nonproliferation as well as really

long range issues that we need to deal with them on. I spend a great deal of time talking with Foreign Minister Ivanov about these subjects. I also believe, as do our European colleagues, that it is important that Russia not be isolated totally on the issue of Milosevic, and that Milosevic should not stand between us and the Russians. I met with Foreign Minister Ivanov in Oslo for three hours on Tuesday morning, and I spoke to him earlier today. We and our NATO allies have agreed, as you know, on the NATO communique listing five demands, basically, of Milosevic, which include the need for a ceasefire, the stopping of the killing and violence; that he has to pull out his military, paramilitary, and police forces; that the refugees have to be able to go back; that there needs to be an international military presence in the region; and that there needs to be political agreement.

When Foreign Minister Ivanov arrived, he had his versions of those principles. We managed after some work to agree on the basic aspects of all of them except on this issue of the international military presence. The Russian are arguing for an international presence because that is what they think that Milosevic will agree to, which would be, I think, something like the OSCE monitors. This is not possible because the Albanians are not going to go back there based on what has happened unless there is a military force there to serve as a protective mechanism for them. Thus, we have a basic agreement, one on the bombing and, two, on the military presence. We are insisting that NATO be the core of that military presence so that the command and control structure is one that is acceptable to all of us because we would need to participate in it. But there are ways that other forces could be attached to that.

The Russians, I think, want to have Belgrade agree first to something before they come on board, and I have been saying to them that doesn't work. That is where Belgrade then has a veto on moving this forward. But what I have to say is that this is a sense that I have really gotten from the most intensive conversations with the Russians is that they do not want to be isolated on that. We should not isolate them on it. We should not give up our principles, and I have to continue to work so that the Russians understand that the Russia of the future is better off with a stable Europe than on the side of barbaric behaviors such as Milosevic's.

Mr. CALLAHAN. Chairman Wolf.

Mr. WOLF. Thank you, Mr. Chairman. Madam Secretary, I welcome you. I wrote out some comments last night and again that morning that I put on paper, so my words are chosen carefully. Before I do, let me say that I appreciate your effort. I support the funding for the refugees and hope that my party and that Congress gives you the necessary money that you are asking for.

I have had a special interest in the Balkans for a number of years. I have been there a number of times. It was my legislation that took away MFN from Ceausescu in Romanian days and also my effort that took away MFN from Serbia several years. More recently I was one of 44 Republicans who voted in favor of U.S. peacekeeping troops on the ground in Kosovo. I also—if there had been agreement. I spoke on the floor. I sent a personal letter to every Member on my side in support of that, and the other day you sent me a letter thanking me for that as a matter of fact.

I returned a week ago from Albania, where I spent time with the refugees at the Kosovo border near the Kukes and Morina. Before that in February I visited Albania and Macedonia and Kosovo, where I spoke with many on both sides, Serbs, KLA, Rugova representatives, NGOs and men and women on the street. I believe, as Mr. Porter said and you said, human rights are important. There is a role that only the United States as the world's sole power can fill. What Milosevic is doing and what he has done is intolerable. He should have been stopped long ago. I think that administration has made a botched up mess of trying to do it. I think there are other options that we should have pursued.

The longer that we slog around and the more refugees stream out of Kosovo I think that clearly other options could have been tried. Why did we not create an airtight economic embargo around Serbia? Look at the countries surrounding Serbia. They are all in NATO or want to be in NATO, Albania, Macedonia, Bulgaria or Romania, Croatia, Slovenia. They are dying to be in NATO and cooperate with us. Even today we could put a tight economic embargo on Serbia. We are bombing and killing 19-year-old Serb soldiers when the real evil doer is Milosevic himself.

Some years ago our government sent a high level team to Panama, told Noriega that he needed to step down and clear out. We even had a country that would have taken him and let him go live there. He said no, and now he is in jail in Florida. Why don't we try that with Milosevic? He could have gone to Russia. Why don't we still try that today? Otherwise tell him that he will be on the war criminal list.

The administration said that the Joint Chiefs supported the bombing of Serbia. The Joint Chiefs said they were given the choice between bombing and doing nothing, and at the end of the day they agreed with the bombing. Some are saying that the bombing alone worked in Bosnia. Bombing alone did not work in Bosnia. Bombing in Bosnia was accompanied by a strong ground force provided by the Croat army. You knew that and you knew what they did. That is the difference between Bosnia and Kosovo.

I think the administration misjudged the situation that brought us to where we are today. Perhaps we should leave it to historians to work that out but where do we go now. The United States must do whatever it takes to win that battle. It is unthinkable that we would settle for less than Kosovo or ethnic Albanians would live free from fear. I think Milosevic and others are guilty of war crimes and now must be brought to justice.

Mr. Rubin mentioned nine generals. He should have had one more on the list. Milosevic should been on the list. If you are going to try those nine generals, you certainly have to try their leader. I think the Western World, including NATO and the U.S., must come to the aid of the refugees who are living an unbelievable life. Just the smell and the stench and the suffering and the pain and the agony as they cross the boarder and they break down in tears.

That administration misjudged the situation there, too. We knew it was extremely likely that Milosevic would pounce upon the ethnic Albanians between the time of a Rambouillet peace agreement signing and when NATO peacekeepers arrived in Kosovo. Many of the NGOs, almost every one that I spoke to when I was in Kosovo

a few days before February 20, said that the deadline they predicted brutal attacks on ethnic Albanians, particularly those working for the UN, the NGOs and other Western organizations. The drivers, our interpreters. It was like Vietnam in 1975 trying to clamor to get on the helicopter to get out. Unfortunately, they were right and the administration and NATO did not listen. Little was done to prepare for the huge exodus of the refugees and if much was done a terrible mess was made of it. There was really not very much nearby prepositioning of humanitarian services or supplies. No rating of care givers, equipment operators, technicians, communicators and others to deal with the enormous numbers of NGOs and people coming up there.

I hope now that you will take whatever steps, whatever, whatever steps, financially and any other way, even extraordinary steps that are necessary to provide for the refugees. You are right. Everyone said my documentation was taken away. My papers were taken away. My license plates were stripped off as I came across. They are starving. They are sick. There are still sick today. There has been a measles outbreak out there and you need to have someone out there who can make policy decisions to not just go to Tirana but to go to Kukes and go into the refugee camp and talk to the people and be prepared to talk to the people and be prepared to get our military to help with the logistics and the communications. Other things may have been botched but we ought not to botch giving them the opportunity to have a life again and to live again and return to Kosovo and live a normal life. That is too important.

I would hope that my party and I will do a letter today, and I just turned to the staff to say to write to the Speaker and Mr. Armey and Mr. DeLay and anybody in the leadership, that we have a moral obligation to support the refugees whereby they can return and lead a normal life. In the Bible in Luke it says to whom much is given much is expected. We have been blessed in this country and I think that God has blessed us and we have the resources here that we have an obligation now to help those people. In addition to that country, we should make sure that NATO and Germany and Austria and all of the others participate too and whereby they put their financial resources to help these refugees who have absolutely nothing to return home.

I saw a man 65 or 70 who was blind and sitting in a corner. What future hope does that man have. They need the help.

I really don't have any questions. I just wanted you to know the way that I felt.

Secretary ALBRIGHT. Thank you, Congressman Wolf. I admire everything that you have done about refugees and your dedication to human rights. We have met in various places trying to deal with that problem, and I think that we are as one in our dedication to it. That also goes back to something that Congressman Porter said: our belief in the goodness of the American power. I think that we are a unique country in our desire to help rather than overpower and dominate. I am very proud to represent the United States.

Let me just say that I have spent a lot of time thinking about what needed to be done, what could have been done, things that might have been done differently. And in listening to all of you, not

just here but in the many briefings that we did earlier when we were talking about a peace implementation force and reading the papers and thinking about that a lot, there are suggestions and criticisms that come from so many sides that there is no way just listening to all of you that having followed one route might have had a different outcome. Therefore, I am very confident that what we have done is the right thing. That is from my perspective of having paid attention to Kosovo a lot earlier than before a lot of people even knew where Kosovo was. Not you, but others. My thinking was that it was untenable for the United States to stand by and let a massacre happen, which, by the way, a Member did suggest that it was better to just let a massacre happen. Then we could do something.

Ms. PELOSI. A Senator.

Secretary ALBRIGHT. A Senator, yes.

And I am on the record as having said that we should have done something sooner in Bosnia because I have felt the threat of Milosevic very strongly for a long time and felt that we should take the strongest action. I have specifically resisted taking down any part of what is known as the outer wall of sanctions that would allow Milosevic to regain his stature within the international financial community. I believe that we had to try everything we could diplomatically because otherwise what Chairman Callahan said is true—that people would say all she wants to do is use American forces. And we tried. I happen to believe that to have tighter sanctions, though much desired, would not have worked because even forces at that stage are having difficulty getting him out. Plus I have spent a lot of time with what we called front line states, and the sanctions affect them. We are very eager to help. They are very loyal, but they are very concerned about their fragile economies.

There are lots of different options and a lot of 20-20 hindsight and second-guessing. But I have to tell you that I feel proud of what the United States has done and will continue to do.

On the refugee issue, we did preposition an awful lot of food for a lot of people for a long time. But as you and others have said, the horror of the exodus is in Biblical proportions. It was hard to predict the huge numbers, but within a couple of days we got it under control. I am very proud of the way that our military and NATO and the NGOs are now cooperating to overcome a lot of the problems in the camps. We will continue to do so. And I am very, very grateful for what have you said in terms of helping us get the funds so that we can stand tall and be proud of what we are doing for the refugees who are the victims of the most horrendous acts by a brutal dictator.

Mr. CALLAHAN. One of the newest members of our committee is always so patient. She comes to every hearing, promptly on time and she sits here patiently while we take 15 minutes and then tell her that she can't have but 5 minutes. So today, Ms. Kilpatrick, you can have as much time as you like.

Ms. KILPATRICK. I do like this Chairman. I like this Chairman.

Mr. CALLAHAN. You have no power to yield.

Ms. KILPATRICK. I will try to stay within the time. Thank you very much for the opportunity and, Madam Secretary, for your leadership, as has been mentioned by my colleagues. We appreciate

and thank you for the sacrifices that you make in your personal life with your family, moving around the world to represent our country.

I, too, would not want to second-guess the administration, the President and those of you who have taken an oath to uphold our Constitution, protect our rights, and see that our country maintains its number one position in the world. In that vein and with what you have already spoken, if you believe our strategy is correct after looking at all the options over several years and knowing that region of the world as I know you do, I would totally support you in that effort and appreciate the work you have done.

Due to the war in Kosovo today we aren't able to talk about the budget as I would like to talk about it. I think, even going in, the President's request is underfunded. I know the Senate wants to cut a certain percentage and the House wants to cut even more. But the foreign aid needed to maintain our position in the world is underfunded in the foreign operations budget. If, in fact, the anticipated 15 percent cut in Foreign Operations, or some part thereof goes into effect, I do question our place in the world and how we will meet the crises that are out there.

I recently returned from overseas, where I visited the continent of Africa. This was my eighth or ninth visit there. As the ranking member mentioned, AIDS/HIV has no boundaries. I am always wary about what our servicemen and women face regarding the HIV/AIDS epidemic in Africa, India, close by and around the world. I wish our budget were able to talk about that and do something about it.

We did have a President's representative from USAID and others on the Africa tour with us, and some things they are doing very well. Senator Hatch and others who attended know of the good work they are doing. But there is so much more that needs to be done. I want to see USAID and the other African development banks and foundations be properly funded so they can address this crisis. HIV infection is a global crisis. We have to remove the stigma of the illness and begin to educate not just abroad but within our country. It as a major crisis as we move to the new millennium.

Having said that, I want to move to the prisoners. We had some discussion, you and I.

Of the three prisoners who are captured, one is from the State of Michigan. We are at war. The family has been up and down. I think the news media erroneously lets them believe something is going to happen. Then nothing happens and they tend to fall back into disbelief in what is happening when we are at war.

What is the status of the three prisoners? How hopeful can we be? What is the Administration's position? What can I tell this family, if anything?

Secretary ALBRIGHT. Well, first of all, let me go to the point that you made about HIV/AIDS, and Ms. Pelosi made. It is a major concern to us. It is a priority in terms of dealing with issues at AID and within the Department. We have supported activities at the United Nations with their pressure to try to deal with the issue, only not enough. But I can just assure you both that it is a priority issue for us for all the reasons that you have stated. Unfortunately,

as with many programs, we do not have the kind of money that we need to pursue all of the things that we need to do.

On the three soldiers, we have made very clear that we want them back unconditionally, that they are entitled to be treated according to the Geneva Convention, and that they cannot be mistreated. They have not yet been able to have access by the ICRC, which they are entitled to have.

I must say, I get increasingly irritated every time I see the Yugoslav representative to the United Nations being asked politely by our press as to whether the ICRC has been allowed to see them, and he says I have to check. Well, it seems to me that there should be a follow-up question as to how long does it take, and why are you lying to me every time that you are on television?

But I think that we need to continue to insist on that. I think the difficult part occurs when there are attempts to get them out but there is a condition on something which puts the President and the American people and, obviously, the families into a dreadful position, as we look at this as a human problem. To start bargaining over them is an unacceptable way for us to pursue our goals as well as to try to get them out. We are working very hard in every way, but they cannot become pawns. They must be released unconditionally.

Ms. KILPATRICK. And you do let the families know that last statement.

Secretary ALBRIGHT. Yes, we do.

Ms. KILPATRICK. This $400 million supplemental that is coming through—I hope I heard no offsets, did I not?

Secretary ALBRIGHT. Well, yes, I hope I did, too.

Ms. KILPATRICK. Because offsets will again cut away at the domestic programs we like to see funded. That is the position of the President?

Secretary ALBRIGHT. Yes, no offsets.

Ms. KILPATRICK. I think I heard the chairman of the full committee say that, but not my subcommittee chairman.

Mr. CALLAHAN. To respond to that, I agree that this money should not be offset. The budget agreement specifically excluded emergency disaster assistance. Although I do not make that decision, if I am asked for input, I would certainly recommend that we do not have offsets.

Ms. KILPATRICK. Thank you, Mr. Chairman.

Thank you, Madam Secretary.

Mr. CALLAHAN. Chairman Packard.

Mr. PACKARD. Thank you, Mr. Chairman; and welcome, Madam Secretary. I have the highest regard for your professionalism and the way you represent our country as you go around the world with these very difficult problems.

I opposed sending the bombers. I oppose sending the ground troops as the administration still seems to oppose, but we are there. I felt that we had not exhausted all of our options, our diplomatic options.

Mr. Wolf expressed very much my feelings that we could have tried sanctions, strict embargoes like we have done in other places. We could have considered the policy that we have had in the Middle East for a long time, and that is to try to develop a balance

of power so that no one would gain by attacking the other. It has worked in the Middle East to a large extent over a long, sustained period of time. I am not sure whether there was any consideration of arming the Albanians or others to make a balance of power.

But the fact is, the destruction of homes, the displacement of families, the loss of lives, and terrible rapes and atrocities have greatly increased since the bombs have fallen.

Of course, our hearts go out to the refugees and the Albanians. There isn't anyone that couldn't help but feel for them. But yesterday, this administration considered the KLA, the Albanian army, as a terrorist group; and today we are prepared to do their fighting for them.

We have spent years and years and billions of dollars in developing a compatible relationship with Russia and to a huge extent in recent days that has been grossly and greatly undermined. There is a significant anti-American attitude in Russia that didn't exist before.

We have not achieved our objectives in Bosnia. And of course the killing has stopped, but that could easily return if we withdrew. We have not achieved our goals, and we are not winning in Iraq, as has been mentioned. I see a long-drawn-out, sustained campaign here with no assurance of success; and, of course, it greatly concerns me.

I have met with Milosevic, and he is a thug. He is a crafty thug, one that I believe will not be any easier to deal with than Hussein or Qadhafi or others that are still in power. I have really deep concerns about where we are going with this.

But we are there. We have sent our planes, and we are considering sending ground troops, and maybe that is the only solution. But I still believe that there are other options, that strict embargoes, sanctions, perhaps even considering arming to bring about a balance of power would be a cheaper, certainly a less destructive and more humane way.

Did we consider at all the policy that we had in the Middle East in terms of developing a balance of power? Because that would have solved perhaps or could perhaps solve the problems we have had in Bosnia and certainly in Kosovo.

Secretary ALBRIGHT. Thank you. Let me say again—and I really feel it very important to say this—all the suggestions that you have made and Congressman Wolf made about did we consider this, or did we consider that—we did. This is a very difficult problem, and we have looked at every aspect of this, and we are concerned about the relationship with the Russians. Everything that you have said, I can assure you that we have looked at and have, for one reason or another, felt that it would not work.

As I sit here, and I think, you know, that you are critical of our using force, there are those who have also been critical of me for having tried diplomacy, saying that Rambouillet was a mistake. Why were we even thinking of dealing with them there? And there are those who are now saying, why did we ever make any agreements with Milosevic? Are we going to make any agreements with him now?

For these reasons I return to the answer that I gave to Congressman Wolf. I feel that we are doing the right thing because we have

tried and thought about all of these aspects, and it is a really intractable set of problems that are not soluble.

Let's talk about the KLA, for instance, and arming them.

First of all, we didn't consider them a terrorist organization. We thought that some of their actions were questionable in terms of what we thought of as being provocative, and there were certainly those who felt that they should not have been doing what they were doing.

Mr. PACKARD. But I think it is very difficult to know who the bad guys and the good guys are in that region.

Secretary ALBRIGHT. Yes, that goes to exactly your point. You are now saying, why didn't we begin arming them to have a balance of power? Then you are also saying that we should have an embargo. Well, there is an embargo. It is an arms embargo. And if we were to arm the KLA, and there are those who suggest it, then you know very well that tomorrow others would be arming the Serbs.

It is possible now at some stage that we can have a balance of forces. But the Serb army, as we know, and knew before, is a very powerful army. They had a very strong force. And they are resisting. There is no way you could have a balance of forces, without having broken the back of that army which we are in the process of doing.

While it would be nice to have an embargo, you can't be saying that you want to arm them in order to break the embargo. And there are a lot of economic sanctions on the Serbs.

Believe me, we have looked at all these angles. I really appreciate having this kind of a discussion, because I think that when we talk about it, I think that the American people, I hope, understood the difficulties of dealing with what is a multiple dimensional problem, where you have to look at where these people are, how you deal with it, how it affects other policies.

Mr. PACKARD. I appreciate very much your competency and your ability. I have no questions about that. And it is easy to go back and try to review.

Secretary ALBRIGHT. Thank you.

Mr. PACKARD. But I recognize the difficulty of your position.

Secretary ALBRIGHT. Thank you.

Mr. CALLAHAN. Mr. Knollenberg.

Mr. KNOLLENBERG. Madam Secretary, welcome. Good to see you.

I have one issue which I think you have had several questions on. It has to do with burden sharing in the conflict in Kosovo. I think you basically declined in previous questions, and maybe that is because you don't have that data. I am not suggesting that you should have it this morning, your staff may, but this is something I would really like to know. The early reports indicate that we were burdened with about 55 to 80 percent, depending upon who was counting, when it comes to munitions, airplanes, and in fact, even humanitarian aid.

You don't have to respond at this time unless you have got something on hand, because I really want to focus on another question with respect to Russia. That will take some time and I would like to move forward. But please answer if you can do it quickly, to give me some semblance of numbers.

Secretary ALBRIGHT. Well, let me just say that there really is a considerable amount of burden sharing in the air campaign. I won't go through this with you, but we will provide the material to you.

There are a number of countries that have contributed. Naval contributions have been made. We do have the best Air Force in the world, and I think that a lot of the choices having been made are made on the basis of trying to accomplish the mission.

But I will get this to you as well as the burden sharing in terms of the future reconstruction and humanitarian assistance.

[The information follows:]

Question: Are the Europeans bearing their share of the burden in Kosovo? What is their share and what is the U.S. share on the military effort, reconstruction and humanitarian assistance respectively?

Answer. Yes. The Europeans are bearing their share of the burden in Kosovo on the military effort and on humanitarian assistance, and they have committed to take the lead in reconstruction, which has not yet begun.

On the military effort, our NATO allies provided significant military assets to the air campaign against the FRY ("Allied Force"), and are providing far more ground troops than we are in KFOR.

During Operation Allied Force, fourteen of the other eighteen Allies contributed over 325 aircraft to the air campaign. Although the U.S. contributed 80 pct of support aircraft, Allies flew over 40 percent of strike sorties. Nine Allies also contributed naval assets, including aircraft carriers, submarines, destroyers, and frigates.

Our European Allies are contributing the vast majority of KFOR troops. Approximately 7,000 U.S. troops will participate in KFOR, which will number 52,000 at full strength. Fewer than one in seven soldiers will be American.

On the humanitarian and reconstruction side:

As of April 1999, the European Commission had already put aside an extra 250 million Euros (approximately $260 million) for economic and humanitarian emergency assistance to states neighboring Kosovo—at a time when you will remember that humanitarian assistance in Kosovo itself was not possible, but when assistance was desperately needed for the Kosovar refugees flowing to the neighboring states. The budgeted total EU non-military assistance (i.e. economic support and humanitarian aid) to these States adds up to over $1.5 billion in CY 1999. This is far more than what the U.S. will pay for this calendar year.

At their Summit in Cologne on June 3–4, the Heads of State or Government of the European Union reiterated the European Union's commitment to take a leading role in the reconstruction efforts in Kosovo, under the auspices of the U.N. provisional administration. A European Kosovo Reconstruction Agency is in the process of being set up. It will allow for more flexible and more rapid disbursement of funds than with present mechanisms.

In sum, the U.S. will do its share, but our effort will be coordinated with a far larger effort by our European partners and the International Community. Just what is our fair share will need to be decided in consultation with the Congress. As we re-establish a ground presence in Kosovo, we will also get a better feel for short-term and longer-term needs.

Europe's willingness to assume a larger role in Kosovo today is to be welcomed. However, with greater European responsibility for peace-keeping and reconstruction will also come a proportionately greater leadership role than we have seen in the past.

Mr. CALLAHAN. If the gentleman would yield, I wonder if we could ask respectfully that you give us these burden sharing reports on a monthly basis.

Secretary ALBRIGHT. We will do so, if it is possible. I think the Pentagon has to provide a lot of that.

Mr. KNOLLENBERG. I am sure it is. That is to be expected.

I want to thank you for your candid perspective on the state of the U.S.-Russian relations regarding Kosovo. As you said, we do find ourselves at an impasse with a few basic disagreements. I am concerned about the possible U.S. relations to Russia's intransigence with respect to this campaign.

Since the fall of the Soviet Union, the U.S. has pledged billions of dollars in foreign aid to support Russia. Now, we have an interesting situation developing in this campaign. Russia is making it very clear it will not support our allied efforts there. In fact, some reports allege that Russia is already actively helping Milosevic's efforts against NATO.

Do you have any knowledge which you can share with this committee on Russian activities in support of Milosevic? I know you have been talking at length with Foreign Minister Ivanov. Perhaps from some of those conversations, you can tell us what Russian action, if any, is there that would embrace Milosevic or support him in his current endeavor?

Secretary ALBRIGHT. Well, I think there is not a united and monolithic, quote, Russian approach to this.

First of all, the Russian leadership has said that they do not wish to be drawn into a military assistance to Milosevic. There are, however, as you know, groups within Russia, who are also playing their nationalist card. There is some evidence of volunteers going there. But, I have been told that is not a government supported activity.

I think where the Russians find themselves, frankly, is—and I found this in my dealings with them at Rambouillet or in contact group activities or in personal conversations—with a great deal of frustration with Milosevic. And they agreed when we were at Rambouillet on the fact that the Serbs had said that they would go along with the political parties to this document. When all of a sudden Milosevic said that he wouldn't, the Russians knew that the Serbs had walked it back. There has always been a disagreement about the implementation of a peace agreement by the presence of a NATO core force, and we have disagreed on that. We are also concerned about Russian humanitarian assistance going to the Serbs.

Mr. KNOLLENBERG. The Russian convoy that was intercepted.

Secretary ALBRIGHT. Right, I was speaking to that. And what I found very interesting is that this convoy is going through Hungary, and Hungary, as a new NATO member, is taking incredible care with examining that convoy, stopping certain portions of it that they felt had an overly large amount of fuel. And I think that for those who questioned the value of new NATO membership, I think that Hungary has already shown that it is a good ally and partner because they have done that.

Mr. KNOLLENBERG. And I think they should. The way I look at it is we are giving huge amounts of aid, to Russia, and have been for several years. At the same time, we see Russia providing aid; to Milosevic. In addition some of that aid was, stalled because it was fuel which could have been used in the war effort. And I commend Hungary for doing just that.

But there is something about money. Money is fungible. We give aid to Russia. They give aid to Serbia, who is challenging us, who is our opponent. It gets a little bit scary, a little bothersome. This fungibility issue is one we must pay close attention to.

I applaud what Hungary is doing to stop, to screen, to oversee everything coming in through the country; but I would point out, and I hope you have some concerns about, this issue.

Secretary ALBRIGHT. Yes.

Mr. KNOLLENBERG. Because when you give money to Russia, they can spend it pretty much anyway they want.

Secretary ALBRIGHT. Believe me, it is something that we are concerned about. And I have made very clear, as has the President, that they should not let their sympathy for some for their Slavic brothers to be translated into any kind of genuine military assistance, and we will continue to press them.

Let me just make some comments about Russia. We have worked very hard to try to develop a new kind of relationship with a new kind of Russia; and a lot of the assistance has to do with something that is in our national interest, such as the Nunn-Lugar program of trying to buy up their nuclear weapons. And, as I mentioned in my testimony, the initiative of the President to try to reduce the threats of loose nukes to try to make sure that the scientists don't go to the highest bidder. Thus, we have our own national interests to pursue in dealing and targeting our assistance to them.

Also, we are trying to build up the democratic forces in Russia versus what are clearly resurgent nationalist or communist forces.

I pride myself on my day-to-day contacts with the Russians of trying to walk the line of saying we have long-term interests here, but what you are doing vis-a-vis Serbia with the ship that they sent or their providing assistance is counterproductive to where we are trying to go. But I am trying not to crater this relationship. It is too important to us.

Mr. KNOLLENBERG. Mr. Chairman, one 30-second question. Are we doing anything to ensure that the friendly Serb government of Montenegro led by Mr. Djukanovic remains in power? Is that relationship strong?

Secretary ALBRIGHT. Yes.

Let me just add one point on the Russian part. Very little of the assistance that we have goes to the government. It goes to a variety of entities that are in support of democracy programs.

On Montenegro, we have been very concerned about that situation. We have a very good relationship with the democratically elected President of Montenegro, Mr. Djukanovic. And we see Montenegro as key to the stability of the region; moreover, Mr. Djukanovic's is the only democratic regime within the former Yugoslavia now.

We are staying in very close touch. We are also trying to be helpful in terms of dealing with the refugees that have gone into Montenegro. We have given them $10 million—you all know this—in assistance recently in order to underline the importance of the region and to help Djukanovic.

There is no question that the situation in Montenegro is very tense. Djukanovic has made clear that he opposes the military campaigns of Milosevic, and that he is supporting what we are doing.

In my conversations with my fellow foreign ministers we have made it very clear in the various statements that any action that spreads this to Montenegro would have the gravest consequences. They are as concerned as Djukanovic and we are. While he is in a very delicate situation, he is aware of our support for him.

Mr. KNOLLENBERG. Thank you.

Thank you, Mr. Chairman.

Mr. CALLAHAN. I would echo Mr. Knollenberg's sentiments about Montenegro. They are desperately trying to create some degree of democracy there. And when I see that our war planes or NATO war planes are bombing Montenegro, I am sure it gives President Djukanovic heartburn. I understand the strategic necessity in what NATO is doing, bombing facilities in Montenegro, but I hope it does not create a perception that the President in Montenegro is desperately trying to convince the people that America's ideas are the right way to go, and then wakes up the next morning and sees in a sense NATO and American bombers bombing his country. So I hope we can get the message out that we are very supportive of the regime in Montenegro and that we want to assist them as the $10 million has done.

Secretary ALBRIGHT. Mr. Chairman, if I might just comment on this, President Djukanovic does not support the NATO bombing. He supports generally our approach to trying to deal with the Kosovo ethnic cleansing. And on the bombing within Montenegro, we are very sensitive to exactly what you are saying. But part of the problem is that some of the air defenses were in Montenegro and in order for our pilots to operate that was necessary.

Also, if our pilots are illuminated by air defenses out of Montenegro, or if there are MiGs flying, they have to take that action. But I have to tell you that we have worked very hard to be sensitive to Djukanovic's problems.

Mr. CALLAHAN. I know, but I don't know what the media situation is, the news situation in Montenegro is. I know that Milosevic has cut it off, and the Serbian people in Belgrade are only receiving what he wants them to hear. And I don't know in Djukanovic's case if that is the case there, that his people have been told by him that America's friendship is the way to go for the future of Montenegro; and if there is no media and all they know is what Milosevic is telling them, that the Americans are bombing you, which is probably what he is saying. It could create a political problem for the president there.

Secretary ALBRIGHT. On the point of the media, if I just might take a minute, I think there is no question that the propaganda machine that Milosevic has is very powerful. We are working in every way to break through it.

I have, in my Czech-accented Serb, broadcast a message. I am now going to do it on a daily basis in order to try to have people understand that we have no fight with the Serbian people or the Montenegrins, for that matter. We are doing everything we can in terms of our ability to penetrate through this propaganda-airtight environment that he has. It is a major problem, but we are working on it. We have a whole program.

Mr. CALLAHAN. Thank you.

Mr. Jackson.

Mr. JACKSON. Thank you very much, Mr. Chairman.

Let me also begin by apologizing for having to be in many places at the same time.

I want to start by welcoming Secretary Albright and thank her for her testimony.

Madam Secretary, I share some of the concerns regarding the conflict in the Balkans that many of my colleagues on the sub-

committee have expressed today. Also, it is important—I am concerned and actually troubled by the critically low funding provided for the Function 150 account in the budget resolution adopted yesterday. I want to work with other members of this subcommittee and the full committee to ensure that the State Department receives the funding it needs to carry out its very important mission throughout our world.

I want to shift, if I can for just a moment, to the issue in the Balkans; and I don't want my line of questioning to be confused at all with my support of the troops in this vital part of the world.

However, Madam Secretary, I am not totally convinced that our political military expectation can produce the result that we expect. I am more than convinced that we can punish people with an air campaign and cruise missiles, but to take land, it is becoming increasingly clear that we possibly need ground troops. We control the skies above Yugoslavia, but the refugees need their land back.

In the Gulf crisis, we saw that in order to regain Kuwait it was very important that we send in ground troops in order to get land back for the Kuwait government and the people of Yugoslavia.

Congressman Rod Blagojevich from Illinois, as reported by Mike Dolning of the Chicago Tribune, has suggested that the partitioning of Kosovo will potentially likely be part of any end game solution. I am wondering, has the administration considered this approach or have they talked with Congressman Rod Blagojevich?

Secretary ALBRIGHT. Let me just say that, as we look at potential solutions, there are those who have talked about partition. However, I specifically asked for a map that would indicate to me whether that was possible to have one part be Serbian and the rest be Albanian.

The Serbians have spoken a lot about the fact, and rightfully so, that they have monasteries and holy places in Kosovo that have great historical and cultural significance to them. This map, however, shows that it is impossible to do anything like that. It is too small for me to display it. But, I basically, the monasteries and the various other historical sites are scattered throughout Kosovo. It is a checkerboard. It is not one area that can be partitioned to be under Serbian control.

I think that we also have felt that partition is not an approach that is useful as we have dealt with Bosnia and the messages that it sends about the fact that the future should be democratic and multiethnic. I have not spoken to the Congressman myself, I specifically asked to try to get an ethnic and a religious site map, so to speak, and there is no way to partition unless you just artificially decide that a certain area should be Serb, and I don't know what you would do with all these various ways of trying to allocate the monasteries on the other side.

Mr. JACKSON. I thank you for your answer.

There are those who have argued—I have seen it in the press—that so far our military strength; our air campaign, has not equalled our goal of a free Kosovo. That our military strength; the air campaign at this stage of the game has created and had some role to play in the present refugee crisis; whether it is increased Serb aggression, Mr. Milosevic's determination to take control over all of Kosovo.

My question again is, around the end game of refugees, was there ever an anticipation or discussions about the possibility within the administration of the likely human catastrophe that could be the end result of a sustained air campaign without forces on the ground?

Secretary ALBRIGHT. First of all, let me say that the main discussions that we had were about the humanitarian disaster that would be caused if we didn't do anything because of the plans that we now know even more about were set up and planned by Milosevic to systematically reengineer the ethnic composition of Kosovo. What his policy was earlier, before Rambouillet, was basically a village a day. He was going in with his people and torching villages with the idea that that would keep NATO away because it was being done just one village at a time. Now we know that he had this plan to really ethnically cleanse the whole place.

What I do think happened as a result of bombing, as I have said previously, was that this was like a videotape that he then put into fast forward so that really the number of refugees that were created immediately after the bombing was something that happened because he had a systematic plan already. There is no way they could have done what they did going from house to house if they had not had a systematic plan in place before hand.

We do think it is important for the refugees to be able to go back. They are not the cause of this, but they are the reason that we have to pursue the objective that they can go back. They will need to have a protective force. That is why we are arguing for an international military force in order that they can live where they belong.

Mr. JACKSON. Thank you, Madam Secretary; and thank you, Mr. Chairman.

Mr. CALLAHAN. Thank you.

Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman.

Madam Secretary, I think you do know of my very high regard for your expertise in foreign policy and what you bring to this job. We have had some differences over the years perhaps about our approaches on the Oslo accords and other things, but I have tremendous respect for you, and I appreciate what you are doing now, and I am proud to have erred on the side of giving the President the discretion that he needs to approach the very difficult crisis we have in Yugoslavia.

But, having said that, if you would permit me for a second here, I find it really ironic, Madam Secretary, that for most of this century we have pursued what we can only best call a "big stick" approach, having a secure and well-funded national security apparatus so that our Secretaries of State can pursue with great vigor a peace and freedom-oriented foreign policy. So I do find it a little bit ironic that there is a little bit of lamenting about how we are funding our foreign policy here in the Congress over the last several years and yet many of my colleagues and even the Clinton administration itself has underfunded our national defense needs.

This is no more obvious, I think, than where we are today with this crisis in Yugoslavia, we have got a situation in Iraq where we have got a very tenuous situation, the situation in Bosnia, and of

course numerous other potential hot spots. So I do find it a little ironic that there are many of my colleagues today who are arguing for ground troops to support the air campaign and yet these are the very people who have not thought anything of actually taking money away from the Defense budget in support of what they feel are more important priorities.

So we are dealing with a hollowed out defense. I know that that is more the purview of your colleague, Secretary Cohen, and others, but I think it does serve to undercut your ability as an effective Secretary of State.

But if I may, Madam Secretary, have you recommended and can we expect that the President of the United States will come to the Congress and officially lay out for the American people and their representatives our mission in Yugoslavia and what we can expect? And I say that again after 2 weeks of spending a lot of time in my district, Long Island, New York, where there is a rising degree of anxiety that we are sliding into a situation that I can only best describe as a "Vietnam phenomenon" and there is great, great anxiety by Americans and I think my constituents that, if we don't finish, we are sliding into that situation.

Secretary ALBRIGHT. Congressman, thank you very much for your kind words and our previous discussions on the subject.

Let me say that I think the President, as you know, has already given a speech today in which there will be a fuller discussion of Kosovo. He has spent a great deal of time with Members of Congress. He will continue to do so.

Mr. FORBES. We expect him to formally come up here and make that case. I think that is the least that can be done, particularly for those who are wanting to err on the side of supporting the President's discretion.

Secretary ALBRIGHT. I am not going to predict, where the President makes his speeches, but I can tell you that he has been making more speeches and statements on this in the last several weeks than I think many previous presidents have in talking about foreign policy issues, and he will continue to do so.

I will pass on your suggestion to him. I do not know where and how he is going to continue making his case, our case.

Mr. FORBES. Madam Secretary, another issue that has arisen—some of my constituents at a number of town meetings—is that we feel the need to be involved in Yugoslavia for some very correct reasons articulated by many of my colleagues and most particularly Mr. Wolf and others. The same question could be asked about our involvement in Africa and the genocide that has taken place there and what the United States approach is there vis-a-vis the same need to be in Yugoslavia.

Secretary ALBRIGHT. Well, first of all, I think that we are all very concerned about the spreading of violence in Africa and are doing our best to work with the African countries, the OAU, in an attempt to solve as many of those problems as we can diplomatically, and work on supporting an African crisis response force.

I think one of the reasons that there is a difference is that this is within Europe, a NATO area, where there is a military organization of which we are the leader. But it does not say that we are not interested in trying to help as much as possible in resolving

many of the problems that we now see in Africa. Part of our request to all of you is to figure out how to give greater support to African justice initiatives, trade initiatives, and a variety of other ways to help democracies in Africa prosper.

I spoke in my opening remarks about the need now to support the new democracy in Nigeria.

I think that this is one of those damned if you do, damned if you don't circumstances. If I came here and asked you for money for every conflict in the world, you would say the U.S. is trying to solve everything. And if I don't, then you say that we are not paying attention to them. There is no cookie-cutter approach to this. We are trying different methods in different places, but we are equally concerned about the killings in Africa and the cross-border activities and the spread of violence there.

Mr. FORBES. Mr. Chairman, I would hope—that perhaps a bipartisan leadership of this Congress could send a letter to the President inviting him to come up here to fully explain our policy and our objectives. While I personally oppose ground troops, I do want to err on the side of giving the President of the United States the discretion to conduct foreign policy, but I would feel more comfortable if we could get the President to come to the Congress and play out our policy in a proper forum.

Mr. CALLAHAN. The gentleman makes a good point.

Madam Secretary, you, Secretary Cohen and the President have been very generous in your time keeping some of us informed about what is taking place. And I know that Tuesday in a White House meeting Speaker Hastert suggested to the President that he better inform the American people.

And your suggestion that he address the entire House and Senate is excellent. I think that we should convey, maybe through our conference, to the Speaker, to invite the President to come to Capitol Hill so he can talk to all Members of Congress. Because those of you who have not had the opportunity to be briefed or attend classified meetings, you have to answer the same questions in Long Island I have to answer in Alabama. It is unfair that some Members of Congress know what is going on and some people have not been apprised of anything but what we tell them or what they read in the paper.

So it is an excellent suggestion, and I will convey that along with you to the Speaker. I will draft a letter, and you and I can sign it this afternoon. Maybe we can get some input from Chairman Lewis as to whether or not this is the time for the President to come and explain our direction and our exit policy in Kosovo.

We are going to go, Madam Secretary. I don't know what your time schedule is. I know you are very busy and rightfully so. We had very little time in which to——

I am sorry, Jack. Are you off the phone now?

Mr. KINGSTON. Are you through talking now, Mr. Chairman?

Madam Secretary, I, too, am having trouble following this administration's foreign policy. Cambodia, 2 million people were slaughtered; Rwanda, 500,000 died. There is a war right now between Ethiopia and Eritrea, and women are being raped over there, civilians are also being killed. At what point does something become an

American peril? And I guess if you could define that generally and tell me what the American peril is in Yugoslavia right now.

You know, I have heard that question answered several times, but it is interesting, different members of the administration answer it differently, and I am never quite sure it has kind of hit the bull's eye in maybe what I am looking for or maybe I am just missing it.

Secretary ALBRIGHT. First of all, let me say that there are a number of component parts I think that come into play. Some of it has to do with the ability to influence the situation. You choose your tools depending upon your ability to do that.

If you take Ethiopia and Eritrea, we have sent envoys and negotiators and are supporting the OAU in trying to deal with that problem.

I think one of the hardest issues that I feel personally about is Rwanda where we did not have the ability to move more swiftly, and the President has made that point. That was something that exploded like a volcano, and we tried very hard to make up for it later. But I do think that is one that I always have a hard time with myself.

I think as far as Yugoslavia is concerned that, as I said earlier, there is a humanitarian interest that is important but also a strategic interest as far as the Balkans are concerned. We have been talking about the importance of having a stable and secure Europe. A stable and secure Europe is important for the United States. We have spent large amounts of money during this century either fighting wars in Europe or trying to prevent them and developing an alliance that is the most powerful in the world, that has deterred the Soviets during the Cold War, and now is there in a leadership role. A mechanism exists for dealing with a problem as horrendous as the ethnic cleansing in Yugoslavia.

But let me say that this is not the way it was during the Cold War, where you could make a list. I was a professor, and I did this. Do you know where our vital national interest are? Are there certain strategic choke points to prevent the movement of arms?

We are dealing with a very different kind of a world where there are huge problems that we can deal with bilaterally or through an alliance or through the United Nations or through various other organizations. We have to choose our tools, and we have to choose what our interests are. We may not agree, and we may not have the resources to deal with everything that we want to, but I can just assure you that we think very carefully about where to involve ourselves and the resources that we have to do it.

Mr. KINGSTON. Well, then, are you inferring that the administration has sat down and carefully decided that Rwanda we did not need to get involved in, Cambodia we did not need to get involved in, but here we did? Is that the balance?

Secretary ALBRIGHT. No. I mean that the point here is that we try to use the best tool that we can to be involved at the level that we should be. I am saying to you that I have always felt on Rwanda that we should have done more.

Mr. KINGSTON. But not in Cambodia?

Secretary ALBRIGHT. In Cambodia we went at it a different way. Let me just say that I think, that because we can't do everything

everywhere doesn't mean we should do nothing nowhere. I think that is English.

Mr. KINGSTON. I understand. I understand. I am just trying to—I guess on the tier of reality there was a judgment call that a stabilized Europe was more important than a stabilized Africa or a stabilized Southeast Asia.

Secretary ALBRIGHT. No, I don't want to be put in that position. I think that a stabilized Europe is something that has been important to us; a stabilized Asia, which is why we are paying so much attention to what is going on in Korea. I think that we really look at the issues and try to deal with them on the basis of what tools we have available and what the situation is at the time.

Do we do it perfectly? No. Did previous administrations? No. Will the next administrations do it perfectly? No. But I think that we have to look at each of these situations and assess where we think we need to apply pressure.

Mr. KINGSTON. I think, as you said, there is a "damned if you do, damned if you don't" that all administrations are faced with. But this underscores the purpose of the President communicating with the Congress as to what the policy is and what some of the judgment calls, so that there is less maybe suspicion or second guessing.

Let me address something on offsets, and I know that we have made the statement already: No offsets. Personally, I agree with that. I think that if there is an American peril, then it is in our interest to say, you know what? This is so vital to the American interest that this year we are going to have to cut the budgets of some things which we deem less important than the economic stability of Europe. And I am only making that statement on the record.

I believe there are other Members of Congress, and I realize it is the minority, but I believe there are Members on both sides who feel that if we are going to engage, we have already spent $10 billion in the Balkans, we need to start looking about where we are going to spend this.

Because at some point, just as in a household, you have to make a decision: Do you fix the washer or tune up the car. I know, how could he compare that? I don't know. I just have the common sense of a normal American. But we need to give the American people that debate instead of just spending and spending.

Secretary ALBRIGHT. With all due respect, Congressman, you have just contradicted yourself. You have asked me, why we didn't do anything in Rwanda or Cambodian, and yet you are saying that we have to choose our priorities. I am here asking you for some money for Africa; and you are telling me that, because of an emergency in Kosovo, you want to take that money away from Africa.

Mr. KINGSTON. Reclaiming my time, that is not what I said. But what I did say is that, if you want to do that, then you should as an administration suggest where we can reduce spending. If you decide to spend money in Africa and Cambodia and in Europe and in Korea and everywhere else, I just think that if it is worth American dollars being spent there then we ought to also say, you know, what—here is where we have identified areas in the bureaucracy that can be reduced in spending. That is a different philosophy.

Secretary ALBRIGHT. It would be great to do if we had more money in the first place. But, as I have said, we are in the process of not only robbing Peter to pay Paul, we are robbing Paul. There is no money.

Mr. KINGSTON. And I think the American people are keenly aware of it, and that is what makes the question what is the American peril. If Americans are, you know, committed to the peril, if it is defined to them and they are saying we have to spend this money and it is worth sacrificing down the road, getting further in debt or spending Social Security surplus or whatever it is, okay, because I understand how important this is. And I don't think at this point that debate has taken place fully.

Let me ask you this, Russian TV. One of the motivations in America, the humanitarian side of being there, is seeing the refugees. Now Russia is doing the same thing with refugees, as I understand it. And yet they are using it to show the American policy is causing the refugees, and they are using it to kind of motivate their people against us in a different direction. And maybe I am not correct about that, but can you comment on that? Is that—you know the refugee filming is a motivator, probably both ways.

Secretary ALBRIGHT. I believe, first of all, the Serbs are certainly using the refugee filming from their own perspective. I think the Russians may be, also. It happens, I think, too, that we have to make clear to the Russians that we also have abilities to influence them, but I am not here to say that Russian TV is objective. I think that——

Mr. KINGSTON. Unlike American TV.

Secretary ALBRIGHT. Well, it depends on the subject.

Mr. KINGSTON. I am sure we have some good bipartisan agreement on that.

Secretary ALBRIGHT. I think for us that the pictures of the refugees are a visible example of a horrendous policy. And I would maintain, as I have throughout, that we did not create the horror of the refugees. We were trying to prevent it. And we have, in fact, I think, made a very clear point that the kinds of things that Milosevic was planning are unacceptable. I believe that things would have been much worse had we waited, and I feel very strongly that we have done the right thing.

Mr. CALLAHAN. The gentleman will yield back the balance of his 15 minutes.

Mr. KINGSTON. I have some other questions Mr. Chairman, I would love to submit for the record.

Mr. CALLAHAN. Hopefully, we will get around to a brief second round.

Let me comment on one thing that you said with respect to the offsets. When I said I do not support offsets, that is for this fiscal year. Because of the efforts of the gentleman from Georgia and others, we have created a surplus. We also created a budget resolution which gave us the authority to spend that surplus in the event of an emergency. So it is a compliment to the efforts of the Congress that we have already exercised great compassion and great concern and fiscal responsibility in cutting spending for this fiscal year to its lowest possible level. So we did that already for this year. This

money that we are talking about for the supplemental comes out of money we appropriated last September.

So I agree with you that for the next fiscal year it will be a different situation. We can cut back on other activities but, for this year, we have to come up with monies that we have already appropriated. And to say that we didn't do a responsible job last year is wrong. We did a responsible job. We reduced spending. We created a surplus. The surplus is there. And now we are asking that we use the benefits of our efforts last year, thanks in great part to the gentleman from Georgia and some of the organizations and groups he belongs to insisting that we do that.

We want to—Madam Secretary, I don't know what your timetable is. We know that you are busy. I would like to give each member an opportunity to go back just for a few minutes and talk about anything they want.

But we still have not talked about your budget request. I will have the opportunity to discuss some of the particulars of your 2000 budget request at a later time.

But we do want to give other members the opportunity to ask questions. But let's respect the Secretary's time as well as the other members' time and hold down the second round to as little time as possible.

Mr. Lewis?

Mr. LEWIS. Mr. Chairman, I appreciate your yielding just for a moment. I am not going to take up much time.

But the suggestion that there might be a display on Russian TV showing the plight of these refugees and blaming the refugee crisis on American policy, troubles me greatly. I would certainly hope that you would be discussing that directly with them at the highest levels, Primakov and otherwise, for if there is veracity to it, that portends disastrous circumstance in terms of our relations.

And, Madam Secretary, one more item. During this whole meeting there has been so much overlap between the work I do on another subcommittee. I am not sure if there has been a time that the Secretary of State, at least when I have been here, has appeared before the Defense Subcommittee, but I have a mind to ask you as well as Secretary Cohen to come together before the subcommittee at some time in the near term.

Secretary ALBRIGHT. On the last point, Secretary Cohen and I have appeared together previously, I think, before the whole committee and the Senate side. I am sure we would be pleased to do that.

Let me, on the other point, say that I will raise it, obviously; but the independent TV stations in Russia have a different view of this. The situation is improving. But I will raise it. Yes.

Mr. CALLAHAN. Mrs. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman.

Picking up on points raised by our distinguished colleague, the Chairman of the Defense Subcommittee, I would hope that we will extend an invitation to Secretary Cohen to our committee as well. I would like to talk to him about some of the issues before us and some that we didn't talk about today like military sales, et cetera.

I have a couple of observations further to Mr. Lewis' point. I think that what we have heard here today about propaganda speaks to the importance of Radio Free Europe and Radio Liberty.

Some of us were with Leader Gephardt in Prague last Monday where we met with the editorial board of Radio Free Europe and Radio Liberty. And given the need for information in the frontline states and what is happening perhaps in Russia and in some of the fragile democracies in Europe, I think that while it is another committee's jurisdiction, certainly as members of the full Appropriations Committee, I hope that we will recognize RFE/RL's importance and continuation.

For our colleague, Mr. Wolf, who had to leave, I wanted to put on the table a concern he had about the Sudan. More than 2 million people have died in the Sudan because of ethnic conflict. That is more than in Rwanda, Bosnia, Kosovo all combined. Mr. Wolf wanted to suggest that the Administration consider a special envoy for the Sudan.

Just to wrap up on Kosovo, I again want to offer my commendations to the Administration, particularly to the Secretary for her courageous leadership and for her firmness. I want to be helpful to the Administration in any way I can.

In that vein of friendship I want to move on to another subject, which is China. You mentioned the word engagement; and, in friendship again, I want to suggest that the President does a grave disservice to the issue of the U.S.-China relations debate when he says that he wants engagement and the rest of us want isolation. Nothing could be further from the truth, certainly for the dissidents who are aspiring in China for the ability to speak freely about their political and religious beliefs, certainly for those who have been exiled from China who wish to return there.

And all of us want to see a brilliant relationship with China—economically, politically, diplomatically, culturally and otherwise. But that can only happen when there is respect for the Chinese people. That is why I was disappointed that there wasn't a stronger mention when Zhu Rongji was here about reversing the verdict of Tiananmen Square so we can put that behind us, freeing the prisoners still in prison because of their peaceful demonstration at the time of Tiananmen, stopping the harassment of those who seek to speak freely about their political and religious beliefs in China and honoring the International Covenant on Civil and Political Rights. This is the call that the dissidents within China have made. These are freedoms guaranteed by the Chinese constitution. It is not about us inflicting anything on them. Their own constitution guarantees these rights. These rights are also internationally recognized human rights.

I would have hoped that the President would have associated himself with the aspirations of those in China who speak out bravely for freedom and who are arrested for doing that, even with the assurances that they thought they had after the President's visit.

As I said, it is not about whether we engage with China or not. We all know that we want to engage with China and we should engage with China.

It takes me now to my final point on the WTO. Certainly nothing would be better for the world trade regime than to have China finally playing by the rules. That is why it would be a good thing if China were willing to play by the rules, for them to be in the WTO. So this barrage of activity on the part of the business community to give China whatever it wants on the strength of its promises to do, this, that or the other without any demonstration of performance on the part of the Chinese makes one wonder, who are they speaking for? The Chinese regime or the American worker and the American people?

Maybe when the business community gets everything it wants for China, it may one day speak out for human rights in China. We may never know because the appetite, as we know, is insatiable. I would certainly hope that, as this debate goes forth, the understanding is not to isolate, but it is also not to be unquestioning.

China has not honored anything it has signed, whether it was promises to stop proliferating missile technology to Pakistan in the Bush administration where your predecessor, Secretary Baker, in his memoir said there was no way to get them to honor their word; whether it was the Memorandum of Understanding on intellectual property; whether it was the signing of the International Covenant on Civil and Political Rights, which they have not ratified and is certainly not implemented; whether it was the Memorandum of Understanding on the use of prison labor.

It is not about saying they shouldn't be in. It is about, where is the performance to demonstrate when they come in that they will not wreck the WTO because they will once again refuse to play by the rules?

So I hope, as this debate goes forward, we could find our common ground. Nothing could be more important in the relationship between the two countries than to have a unified voice between the Executive branch and the Congress about sustainable engagement, engagement that sustains our values of promoting democratic freedoms which you have described as the pillar of our foreign policy; of promoting our economy through exports, by lowering tariffs and nontariff barriers to products from the United States going into China, as well as promoting our national security by stopping the proliferation of weapons of mass destruction.

So this debate is not about whether to engage or not. It is about what the successes of that engagement could be. I see in the Congress the willingness of people to work together to find common ground. I would hope that that would be shared by the White House. With that, I once again call for the President to speak directly to the Chinese regime about Xu Wenli and Bao Tong and about reversing the verdict of Tiananmen Square.

Mr. CALLAHAN. Madam Secretary, the staff has just informed me that you requested you be able to depart at 12:30. Is your schedule such that you can entertain additional questions or is it pressed?

Secretary ALBRIGHT. It is pressed. If we could make it brief.

Ms. PELOSI. Mr. Chairman, I am sorry. I was just finishing, and I wanted to say as well that the President should be calling upon the regime to have conversations between the representative of His Holiness, the Dalai Lama, and the Chinese government for a resolution of the situation in Tibet.

Secretary ALBRIGHT. Could I just comment to Congresswoman Pelosi? You are assuming that we haven't done all of these things, and we have. And I agree with you.

Ms. PELOSI. I am just concerned about the effectiveness of it.

Secretary ALBRIGHT. We have made very clear that there can never be totally normal relations with them until we work out these issues and also on the WTO, that it is not a favor to them. It has to be commercially viable, and they have to abide by the rules.

I would just make one point about the business community. I met with some of the members of it when I was in Beijing. While I do not think that this is a solution, I did find it very interesting that American businesses there are providing an example to how you deal with workers in terms of a lot of their own programs. I think that there is a sense in the business community that they are American—I can't speak for all of them—but for some who basically see that as part of their responsibility.

Mr. CALLAHAN. Let's just try to briefly go down and ask the members just to respect the Secretary's time and at the same time, give each member an opportunity to either make a brief 1-minute statement or a 1-minute question with a 1-minute response.

Secretary ALBRIGHT. I will try.

Mr. PORTER. Thank you, Mr. Chairman.

Madam Secretary, the OSCE has put on the table a compromise peace proposal regarding Nagorno-Karabakh. Armenia has accepted that proposal. Azerbaijan has summarily rejected it and refused to even come to the table for further negotiations. Yet the administration's budget, your budget, suggests that we decrease aid to Armenia and increase aid to Azerbaijan. Isn't that going to send exactly the wrong signal? Isn't our policy there to try to get these two countries to come together and to negotiate and to resolve their differences and end the state of war that exists virtually between them?

I can't understand the policy. It doesn't seem to make any sense to me at all.

Secretary ALBRIGHT. Well, let me just say that we have a high frustration level over the fact that we have not been able to resolve this issue. During the NATO summit next week when there are groupings of the EAPC, we will have members here. We are planning to have a meeting with the Minsk group to be able to put some more pressure on this.

It is a frustrating problem. I agree with you.

Mr. CALLAHAN. Mr. Jackson.

Mr. JACKSON. Thank you, Mr. Chairman. This is very brief.

Mr. Chairman, I have a number of questions for the Secretary regarding her budget requests and will submit them for the record.

Mr. JACKSON. But my last question in my 45 seconds that remain are really back to Kosovo. I am having a little problem, Madam Secretary, figuring out how we get this land back and how we get our boys back, because we do have three boys who are, unfortunately, prisoners of war in this conflict, without committing troops and possibly losing life.

And so I guess as I have heard amongst many of my colleagues, I guess that many of us are looking for the deal, we want to hear

what that deal is. Congressman Blagojevich put forward the idea that partitioning may be part of an offer to the Yugoslavs. I am interested, one, in whether there has been any such offer of a deal to the Yugoslavs so that we can put this process behind us. And I am also very interested in whether or not it is the position of the administration to begin some diplomatic reaching out so that we might move towards an end game.

Those are my questions, Mr. Chairman.

Secretary ALBRIGHT. Briefly, President Milosevic knows that the diplomatic channels are open. We don't want to deal just for the sake of a deal because that will undermine what we are trying to do. But he knows that he can stop this by making clear that the refugees can come back, that the killing and violence has to stop, and that there is self-government for the Kosovars. Those are the terms we have talked about, and he knows that the diplomatic channels remain open. I don't think that we can make a deal just for the sake of making a deal.

Mr. CALLAHAN. Mr. Packard.

Mr. PACKARD. Madam Secretary, I chair the Energy and Water Subcommittee, on Appropriations, and the Energy Department has requested funding to keep the Russian scientists in Russia. You have requested funds from this committee for the same purpose. Why the overlap?

Secretary ALBRIGHT. I think that we are asking for various parts of the program. I don't think it is an overlap. I think it is a different approach but I will get you an answer to that.

Mr. PACKARD. Please do.

Mr. CALLAHAN. Mr. Knollenberg.

Mr. KNOLLENBERG. Madam Secretary, this is a budget item that bothers me. You and I have had conversations before about KEDO. With this dollar crunch, with Kosovo requiring additional money and dollars in short supply, the administration has asked for a 20 million dollars increase in KEDO. I am of the belief, frankly, maybe they shouldn't have anything because I have had some concerns about this agreement from the very beginning. I know you and I probably differ on that. But KEDO was designed before you became Secretary of State. My concern though is whether this is the time to reward North Korea with more money at the very time when they are having all of these problems around the world. We have given them—going back to the agreement which I think is flawed, light water reactors and fuel. We also involved South Korea and Japan. I think that you are right about saying that we did freeze plutonium production at one facility. But we didn't safeguard against construction of similar facilities underground. That is the part that we don't know about. But we do know they have the technology to shoot three-stage missiles in the direction of the U.S.

Here we are five years later after the agreement was signed and now we are trying to dump more money into a situation that frankly I think has failed because we are no safer today. In fact, we are less safe now with respect to North Korea than we were five years ago. That is a tough question, but that is my question.

Secretary ALBRIGHT. First of all, let me say that we are obviously very concerned about the developments in North Korea. As I said in my testimony, we have asked former Secretary of Defense Bill

Perry to do a review, and we are in the midst of that. At the same time I have to say that as far as I am concerned, the KEDO agreement, the agreed framework, is very useful because it has in fact frozen a portion of the plutonium production. This is very important. We have gained access to the suspicious site. And I believe that while there are serious concerns, we have managed as far as the nuclear aspect of this, to get some control over it, but not totally. I think that the Agreed Framework has made us safer in that regard, but I do not deny the fact that there are serious problems with the development of missile technology and suspicious sites with the DPRK, which is why we are doing the review.

On the lightwater reactor itself, we have in fact developed a cost sharing approach on this with Japan and Korea. We have made no commitments to help finance the cost of the lightwater project. The whole issue of Korea is one that we need to spend a lot more time with all of you on as we go through this review and complete it because I can assure you that this is an issue of major concern to us. We spent a great deal of time on it already and will continue to do so, but we very much welcome your input.

Mr. KNOLLENBERG. I will submit some additional questions, but this is a concern that many of us share. I am not alone in this.

Secretary ALBRIGHT. And we share it with you.

Mr. KNOLLENBERG. We do want to work toward something constructive.

Mr. CALLAHAN. All Members have permission to submit questions for the record and in the absence of a real hearing on the Fiscal Year 2000 budget request, it is going to be imperative that you or your staff respond as expeditiously as possible to these written questions because that is going to have to take the place of the real hearing. I have many questions, for example, that maybe we will be able to talk about later, questions on North Korea, Haiti, Central America, Africa, debt forgiveness, which is sort of out of your purview but still a part of your request. The Ukraine, your comments about Russia. You said not to terminate Russia because of their involvement in this situation in Kosovo, but the question is not whether or not to terminate assistance to them but whether or not to reward them with an increase. You have requested an increase for Russia. We have a lot of questions that still need to be answered with respect to the primary reason that we prescheduled this hearing with you to discuss your budget.

I appreciate you taking the time to meet with us today and to explain this serious situation facing us in the Balkans because it is important that we have the knowledge you have shared with us today in order that we can share it with our colleagues, because we are going to be trying to get humanitarian assistance for the refugees probably before we even bring your 2000 year budget request up for consideration on the floor. So it is an important and timely hearing today.

We appreciate very much your time and I don't think you have to be reminded of my admiration for you. I think that you are a great lady. I think that you are well respected worldwide and I think that you are doing a good job. But occasionally people need to be questioned. I disagree with a lot of your policy. I disagree, as I said, with U.S. ground troops. But that is my right. It is also your

constitutional right as part of the executive branch of government to not only direct foreign policy, but for the President to direct the military activities worldwide. I respect that and I am going to continue to do that. I am going to continue to respect you, but I am going to continue to respectfully occasionally disagree with your policies.

Secretary ALBRIGHT. Mr. Chairman, thank you very much. I must say that you and this committee are the best friends that the State Department has. I appreciate very much the opportunity to work with all of you. I appreciate the questions and I think that we had an excellent hearing. I will make sure that the questions are answered as rapidly as possible. If any of you need to speak to me on the phone on any part of this, I would be more than pleased to do that. I am very grateful to you and to the members of the subcommittee for this. Thank you.

Mr. CALLAHAN. We thank you.

[Questions and answers for the record follow:]

QUESTIONS FOR THE RECORD SUBMITTED BY CHAIRMAN CALLAHAN

RULE OF LAW PROGRAMS

Question. Under section 481(a)(4), the President is authorized to provide counter-narcotics assistance Notwithstanding any other provision of law for a variety of purposes, including for "other anticrime purposes". Please provide a list of each instance during fiscal years 1996, 1997, 1998, and so far in 1999 in which this waiver provision was exercised, including the purposes of which the funds were used; the amount of funds obligated; and the countries in which the programs were conducted.

Answer.

USE OF SEC. 481 "NOTWITHSTANDING" PROVISION

Country		Program	Amount
		I. COUNTRY PROGRAMS	
April, 1996—Guatemala ...	1996	Bilateral CN Program	$2.1M
	1997	Bilateral Program	2.0M
	1998	Bilateral CN Program	3.0M
Total			7.1M
Dec., 1996—Vietnam	1996	training—demand reduction	21K
	1997	training—demand reduction Coast Guard, Secret Service	97K
	1998	training—demand reduction DEA, Coast Guard	209K
	1999	training—demand reduction FBI	96K
Total			423K
Dec., 1996—China	1997	training—demand reduction Secret Service	37K
	1997	contribution to UNDCP	480K
	1998	training—demand reduction US Customs	124K
Total			641K
Oct., 1998—chine	1999	training—damand reduction US Office of Govt Ethics, DEA, FBI, Coast Guard, DOJ.	458K
Total			458K
		II. PERSONAL SERVICES CONTRACTS FOR SERVICES IN THE U.S.	
	1996	Sr. Narcotics Advisor	$103K/yr.
	1996	Sr. Aviation Advisor	87K/yr.
	1997	Sr. Law Enforcement Policy Advisor	107K/yr.
	1998	Civilian Police Program Advisor	69K/yr.
	1998	Telecommunications Advisor	56K/yr.
	1998	Telecommunications Advisor	58K/yr.
	1998	Anticrime Program Advisor	91K/yr.

USE OF SEC. 481 "NOTWITHSTANDING" PROVISION—Continued

Country		Program	Amount
	1998	Maritime Surveillance Specialist	94K/yr.
	1998	Sr. Law Enforcement Training Advisor (part time)	30K/yr.
	1998	International Narcotics Control Strategy Report Analyst	54K/yr.
	1999	Rotary Wing Standardization Pilot	75K/yr.
	1999	International Law Enforcement Academy Program Officer	71K/yr.
	1999	Civilian Police Program Analyst	35K/yr.
	1999	Fixed Wing Standardization Pilot	75K/yr.
	1999	Maintenance Test Pilot	67K/yr.
	1999	Sr. Law Enforcement Training Advisor (part time)	39K/yr.

RULE OF LAW PROGRAMS

Question. Has the Bureau of International Narcotics Control, or any other Bureau of the Department of State, transferred to, or otherwise obligated funds for, the Office of Inspector General for programs, projects, or activities in China, including any rule of law programs or activities? Please include funding for any person or persons that may have accompanied the Inspector General on any travel to China (such as employees of the Office of Government Ethics), and include an itinerary of the trip and all activities conducted during the trip.

Answer. The Department of State has neither transferred nor obligated any funds to the OIG for programs, projects, or activities in China.

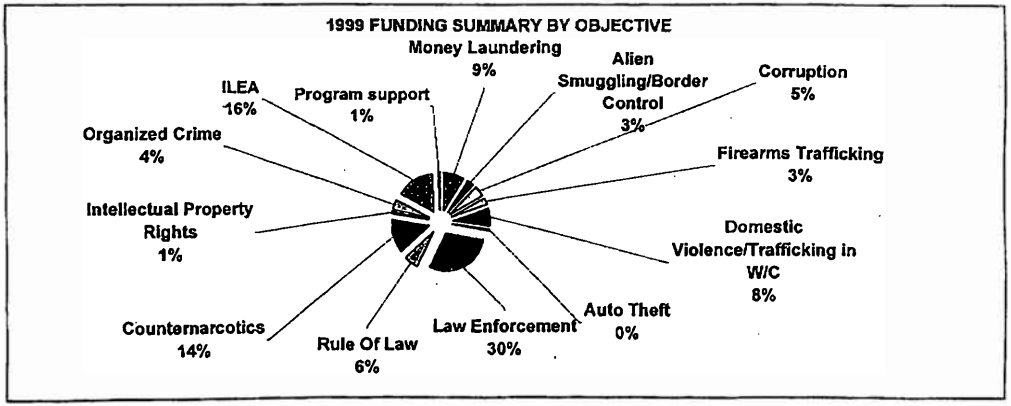
Question. Please provide the Committee with a detailed listing of all anticrime programs, projects, and activities to be funded in fiscal year 1999 through the Bureau of International Narcotics Control, and those proposed for fiscal year 2000.

Answer. Attached is a summary of INL funded training programs in FY 1999. Program plans for FY 2000 have not as yet been identified.

FY 1999 FUNDING SUMMARY BY OBJECTIVE

ANTI-CRIME TRAINING AND ASSISTANCE

	FSA	SEED	INL	TOTAL
Money Laundering	$2,902,709	$685,425	$1,366,338	$4,954,472
Alien Smuggling/Border Control	$1,291,600		$446,181	$1,737,781
Corruption	$558,159	$649,573	$1,265,901	$2,673,633
Firearms Trafficking	$163,386		$1,297,368	$1,460,754
Domestic Violence/Trafficking in W/C	$2,794,000	$260,000	$1,398,023	$4,452,023
Auto Theft	$73,700	$54,000	$54,000	$181,700
Law Enforcement	$9,769,424	$1,260,763	$5,420,845	$16,451,032
Rule Of Law	$2,822,855	$160,481	$494,464	$3,477,800
(training only) Counternarcotics	$1,759,820	$455,882	$5,725,541	$7,941,243
Intellectual Property Rights			$554,624	$554,624
Organized Crime	$994,230	$575,670	$746,295	$2,316,195
ILEA	$1,495,117	$698,206	$7,000,000	$9,193,323
Program support			$500,000	$500,000
Grand Totals	$24,625,000	$5,000,000	$26,269,580	$55,894,580



*note: this does not include funds appropriated for counternarcotics programs

WYE SUPPLEMENTAL

Question. How do you want us to pay for Wye, Madam Secretary? Should we fund it:

a. Within the current level of $5.4 billion for the Middle East?

b. From funding allocated to other regions of the world?

c. Or should it come out of the budget surplus?

Answer. We view funding related to implementation of the Wye agreement as an extraordinary expense. Rather than requesting the funding in a one-time lump sum, it is structured as a supplemental request and advance appropriation for FY 99, 00 and 01. That structure allows us to meet our commitment to the peace process parties, while at the same time easing the burden on the budget. I would also note that funding for Israel and the Palestinians is clearly linked to implementation of the Wye Agreement.

Question. If the peace process resumes, and includes negotiations with Syria on the Golan Heights; negotiations with Israel on the removal of certain settlements in the West Bank or the Golan Heights; and negotiations with Israel and her neighbors on the resettlement of refugees; do you believe the United States should provide sizable additional funds to implement or in connection with such a peace agreement or agreements: Do you believe, for instance, that any peace agreement between Israel and Syria will include, or should include, Camp David-style payments to Syria.

Answer. One of our key strategic goals is achieving a just, lasting an comprehensive peace between Israel and all its Arab neighbors, based on UN resolutions 242 and 338. Over the next year, the United States intends to encourage progress on the Israeli/Palestinian and Israeli/Syrian tracks of the Middle East peace process. We intend to consult closely with Congress on the progress of these negotiations, including any financial requests from the parties which might emerge as the negotiations move forward.

SUPPORT FOR FRONT LINE STATES

Question. What role can or should international banks play in the reconstruction of Kosovo in the context of an independent or UN protectorate status?

Answer. It is premature to define a role for the international banks in a post-conflict Kosovo. Much depends on the political arrangements made for Kosovo and with the FRY. In a post-conflict Kosovo, the IFIs could play a role in structural reform and macroeconomic stabilization. Although every situation is unique, designers of any program would undoubtedly draw on ideas and lessons learned in similar economic assistance efforts in Bosnia and the West Bank/Gaza.

IMPACT ON MONTENEGRO AND MACEDONIA

Question. Prior to the beginning of the air campaign against Serbia, did we consider the political implications for the pre-Western governments of Montenegro and Macedonia?

What contingency plans were made to deal with either:

A. an attempt by the Serbian government to destabilize these governments;

B. the impact of huge numbers of refugees; and

C. a popular backlash against these governments due to the bombing campaign?

In summary, has our policy had the effect of undermining the pro-democracy, pro-Western governments of these two nations?

Answer. NATO's successful air campaign against Serbia has reinforced the democratic governments in Montenegro and Macedonia and made clear the need to integrate the Balkans into the European mainstream. Milo Djukanovic continues to exercise authority as President of Montenegro and the Macedonian government remains strong and unified.

Prior to the decision to initiate the air campaign we looked closely at the possible ramifications and discussed this issue in detail with our European Allies. Milosevic's brutal ethnic cleansing and deportation campaign against the Kosovar Albanian population was surprising only in its size and speed. The international community was forced to move rapidly to respond to the massive outflow of refugees from Kosovo. This included the provision of significant assistance to both Montenegro and Macedonia.

Podogrica and Skopje rose to the challenge of handling the refugee crisis. Their leaders steered a consistently pro-Western course through a difficult period and have emerged the stronger for it.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. PORTER

KOSOVO: PEACE TERMS

Question: What is the ultimate peace agreement and final state of Kosovo that we are now working towards? What are our core demands from Milosevic to stop the bombing? Are we insisting that he accept the Rambouillet Accords or are we open to negotiating?

Answer. NATO has stated clearly it will not suspend air strikes until Belgrade has unequivocally accepted the NATO conditions and demonstrably begun to withdraw its forces from Kosovo according to a precise and rapid timetable.

President Milosevic knows what he must do:

Ensure a verifiable stop to all military action and to immediate ending of violence and repression;

Withdraw from Kosovo his military, police and paramilitary forces;

Agree to the stationing in Kosovo of an international military presence;

Agree to the unconditional and safe return of all refugees and displaced persons, and unhindered access to them by humanitarian aid organizations;

Provide credible assurance of this willingness to work for the establishment of a political framework agreement abased on the Rambouillet accords.

Our goal remains to create the conditions required for a sustainable peace, conditions such as military stability and the development of legitimate political institutions. We seek to help end Serb repression and give Kosovars control over their lives through effective self-government.

This has become more difficult in the wake of the atrocities of the recent Serb offensive in Kosovo. However, our goal remains a peaceful, multi-ethnic and democratic Kosovo in which all its people can live in security and enjoy universal human rights and freedoms on an equal basis.

ALLY SUPPORT FOR CAMPAIGN AGAINST KOSOVO

Question: Although the campaign against the Serbs is in the name of NATO, what is the overall feeling within the alliance? With the exception of Greece, are other countries in the alliance actively supporting the attacks?

Answer. NATO heads of government declared unanimously at the Summit in Washington that NATO would not allow the campaign of terror pursued by the Belgrade regime under the direction of Slobodan Milosevic to succeed.

The first point of the April 23 summit statement closed with the words, "NATO is determined to prevail." Nothing has deterred Allies from that commitment.

Fourteen of eighteen allies have contributed over 270 aircraft to the air campaign, including fighters, bombers and support aircraft. Nine Allies have also contributed naval assets, including aircraft carriers, submarines, destroyers and frigates.

TROOPS WITHOUT A PEACE AGREEMENT

Question. At Rambouillet, I believe that there was a commitment made by NATO to the ethnic Albanians to provide troops to enforce a peace agreement. Evidently, the Albanian Kosovars were under the impression that ground troops would be provided regardless of a peace agreement. How did this misunderstanding come about? Do the Albanian Kosovars feel that NATO is holding up their end of the agreement?

Answer. Neither at Rambouillet nor at any other time did the United States agree to send ground troops into Kosovo except in a permissive environment. With FRY acceptance of NATO's conditions as specified in UNSC Resolution 1244 and the Military-Technical Agreement between the Yugoslav military and NATO, the United States has begun to deploy troops into Kosovo as part of KFOR. Kosovar Albanian leaders appear to be satisfied with NATO's course of action.

KOSOVO

Question. Needless to say, the NATO attacks on Kosovo have significantly strained our relationship with Russia. What do you see as the future for this relationship? In your recent discussions with Prime Mister Primakov and Foreign Minister Ivanov, do you still hold out hopes for Russia to assist in peace negotiations or are relations too sour at this point?

Answer. The crisis in Kosovo has strained U.S.-Russia relations. However, we place a high value on this relationship and we continue to work intensively with the Russians on Kosovo, as well as a wide range of regional, international, and bilateral issues. For example, we worked with the Russians and other treaty members

of achieve a far-reaching Conventional Forces in Europe (CFE) agreement. We also recently signed a highly enriched uranium agreement and continue to work on issues such as non-proliferation. As I have said before, an effective relationship is one where we move forward together on the issues where we agree and manage those where we may have differences.

When it comes to Kosovo, the Russians agree with us on the importance of a negotiated settlement for long-term peace and security in Kosovo. That is why we are working closely with the Russians both bilaterally and multilaterally. President Clinton has spoken with President Yeltsin about the matter by phone on Several occasions. The Deputy Secretary was just in Moscow for the second time in two weeks to continue the process of working with Russia to find a diplomatic solution to the situation in Kosovo based on the principles set out by the G–8.

CYPRUS

Question. With Kosovo and President Milosevic's ethnic cleansing of the Kosovars being in the forefront of the discussions here today, I am curious about the effect this situation will have on U.S. policy in other parts of the world were similar atrocities are occurring. Specifically, I am interested in Turkey and their persecution of the Kurds and their occupation of and colonization of Cyprus in violation of international law. In the aftermath of Turkey's invasion of Cyprus in 1974, one-third of the island's population became refugees, somewhat similar to what is occurring in Kosovo. Yet Turkey has gone unpunished for these actions. When is the administration going to seriously address the reunification of Cyprus and the end of the Turkish military occupation of this island?

Answer. Serb ethnic cleansing of Kosovar Albanians, the status of Kirds in Turkey, and the Cyprus dispute are not comparable situations.

Finding a political solution to the division of Cyprus that addresses the concerns of both sides remains a high priority for this Administration. We are working hard to bring the two sides into comprehensive settlement negotiations under U.S. auspices. The U.S. remains committed to a solution on the basis of a bizonal, bicommunal federation.

With respect to the status of Turkey's Kurds, we have said for many years that we do not believe there is any purely military solution to Kurdish issues in Turkey. Any enduring solution lies in the expansion of democracy, including full democratic political participation by all of Turkey's citizens and protection of their human rights.

PALESTINIANS MEETING WYE COMMITMENTS

Question. The State Department spokesman and others have said on several occasions that the Palestinian Authority is in compliance with many of the commitments it entered into at Wye. I have some specific questions about the commitments under Wye that have met (sic) How have the Palestinians worked to end terrorism in Gaza and the West Bank? Have they outlawed all organizations of a military, terrorist or violent character? In terms of bringing an end to incitement, have the Palestinians ceased teaching children about hate and violence. Have sermons in mosques attacking both Israel and the U.S. been stopped?

Answer. We believe the Palestinian security organizations are making a very serious and credible effort to combat terror.

For example, acting on information developed through their own investigations, PA security forces have prevented a number of terror operations, including what could have a very serious attack in Tel Aviv in March. The Israeli government commended this PA security operation and others.

On the question of outlawing terrorist organizations, the Wye River Memorandum obligated the Palestinian side to "inform the U.S. fully of the actions it has taken to outlaw all organizations (or wings of organizations, as appropriate) of a military, terrorist or violent character.* * * "

The Palestinians have provided to us a March 3, 1996 statement issued by the Palestinian Authority stating that a meeting of the Higher Palestinian National Security Council, chaired by Chairman Arafat, had decided to ban the activity of all paramilitary groups, including the armed wings of HAMAS and the Palestinian Islamic Jihad. We have some questions regarding the legal status of this statement. We are discussing this with the Palestinians.

The Palestinian security services have been effective in taking action against those terrorist groups.

We continue to press the PA to do everything possible to prevent terror and to cooperate fully with the Israelis.

Regarding incitement in Palestinian textbooks, a recent study did reveal some anti-Semitic content. Obviously, there can be no place for such material.

We have raised our strong concerns directly with Chairman Arafat and the PA, which is in the process of creating new textbooks to replace those published prior to the advent of the PA. We will continue to pursue this issue with the PA. This problem has also been raised in the Anti-Incitement Committee.

IRAN

Question. While some improvements in Iran have taken place, many problems still remain. I am concerned that the Administration gestures towards improving relations with Iran could be very premature. To better assess the current situation in Iran, I have a few questions. Does it appear that President Khatami is in control and if so, does he participate in security-related decision making? Are you aware of the amount of assistance Iran is currently providing to Hamas and Hezbollah?

Answer. President Khatami exercises authority over much of the Iranian government, but is outranked by Supreme Leader Khamanei on issues involving the Iranian armed forces, the Revolutionary Guards, the Judiciary and the Ministry of Intelligence. In addition, powerful foundations called "bonyads," which control the holdings of the former Shah and figures associated with his regime, report directly to the Supreme Leader, and not President Khatami. The bonyads exercise a significant impact on Iranian economic activity.

Khatami's election two years ago alarmed conservative elements in Iran. As Khatami has pressed for change in both domestic and foreign affairs, these conservatives have resisted. The outcome of this struggle will depend in great part on the evolving power relationships among Khatami, Supreme Leader Khamanei and Expediency Head (and ex-president) Rafsanjani.

The Iranian public apparently supports Khatami and his agenda of promoting the rule of law, reducing government intrusion into people's lives, and increasing freedom of expression.

With regard to Iran's support for Hamas and Hizboliah, I would cite the State Department's "Patterns of Global Terrorism" report for 1998, released April 1999:

"Iran continued to provide support to a variety of terrorist groups, including the Lebanese Hizballah, HAMAS, and the Palestinian Islamic Jihad, which oppose the Middle East peace process through violence. Iran supports these groups with varying amounts of training, money, and/or weapons."

Question. We have seen for some time Iranian development of advanced missiles such as the Shahab 3 designed to threaten U.S. forces and allies in the Middle East. We also have seen significant signs of an Iranian effort to develop a nuclear weapons program. What is your assessment of Iranian progress in the missile and nuclear arenas? What action are we undertaking to address these developments?

Answer. Iran continues its efforts to develop a nuclear weapons capability, but has made little progress to date due to the reluctance of most nuclear suppliers to provide any assistance to Iran. It also is pursuing a multi-track effort to develop both liquid and solid propellant missile systems and is aggressively seeking equipment and technology from foreign sources for these programs. Iran has made significant progress in the last few years toward its goal of becoming self-sufficient in ballistic missile production, as demonstrated by its indigenous productions of Scud missiles and the July 1998 flight test of the Shahab-3 medium-range ballistic missile.

We strongly oppose any cooperation with Iran's nuclear and missile programs, and have engaged for many years in aggressive efforts to stop the proliferation of nuclear and missile technology to Iran, including through the imposition of sanctions. During the past five years, we have worked multilaterally, through the Nuclear Suppliers Group (NSG) and the Missile Technology Control Regime (MTCR), and bilaterally through discussions with supplier governments, to restrict their missile and WMD-related exports and cut off sources of outside supply to Iran's missile and nuclear programs. We have held four rounds of talks with North Korea to convince it to restrain its missile technology exports, and we are pursuing an intensive high-level effort to impede Iranian efforts to obtain missile and nuclear technology from Russian firms. In addition, we continue to engage China in extensive nonproliferation discussions, and raised our concerns about Chinese cooperation with Iran at the highest levels. We also continue to press China to bring its export policies and practices better in line with international standards.

These efforts have produced results. Over the past year, Russia has put in place new legal authorities to control the export of any item destined for a program of proliferation concern, has stopped several activities of concern, and has investigated others, including reports of Russian firms cooperating with Iran. China has pledged not to assist unsafguarded nuclear facilities, to phase out its nuclear cooperation

with Iran, and not to export MTCR-class ground-to-ground missiles. China also has announced that it is studying the possibility of joining the MTCR and has stated that it would not sell missiles to Iran.

The Administration also uses sanctions and other tools to combat proliferation. During the past year, the USG imposed penalties on ten Russian entities. In January, the Administration imposed administrative measures against three Russian entities for their nuclear- and missile-related cooperation with Iran. Last July, we took the same action against seven Russian entities involved with Iran's ballistic missile program. And in 1992 and 1996, we imposed missile sanctions on North Korea for selling missile technology to Iran.

IDONESIAN ELECTIONS

Question. Is the U.S. Government planning to fund observer missions by the Carter Center or any other U.S. entities for the Indonesian elections? If so, what type of observer mission do you foresee and what will be the funding mechanis

Answer. The U.S. Government is funding a joint Carter Center/National Democratic Institute (NDI) delegation to observe the Indonesian elections through a grant to NDI. The delegation will not be official, but will play an important role—along with delegations from many other nations and the people of Indonesia themselves—in assessing the fairness of the ballot. NSAID has approved an NDI grant of $750,000 to form the 80-member delegation, which will be led by former President Carter and a prominent Republican, and possibly include several members of Congress.

Question. These elections, while important, are a single point on a long continuum in the democratic development that will need to take place at multiple levels in Indonesia in the coming years. What will be the focus of our democracy and governance programs in Indonesia in FY2000 and beyond?

Answer. We have emphasized that these elections are a necessary, but not sufficient condition for democracy to take hold in Indonesia. They are a first step in what will be a prolonged democratization process.

Though the elections have become the focus of much attention in recent months, the U.S. Government has been actively supporting Indonesian efforts to improve governance and strengthen civil society efforts for some time. These efforts will continue and expand under our "Emerging Democracies" initiative, which is designed to focus attention on Indonesia's democratization over the coming years.

In particular, we plan to continue our support for Indonesian private sector and government efforts to foster Institutional reform and constructive change, while also supporting development of a Non-governmental organizations and the media.

Question. Given the history of U.S. training for the Indonesian military, there is understandable concern about the future of this issue and the future of military to military relationships in Indonesia. How does the proposed police training program fit into our goals in Indonesia and how has it been designed to deal with the suspicion that has come to be attached with any effort to provide this kind of training in Indonesia?

Answer. The administration has moved quickly to support Indonesia's democratic transition, focusing most of our assistance on activities relating to the elections and the strengthening of civil society. However, we also recognized that violent, potentially lethal demonstrations like those that led to Soeharto's ouster last May and that accompanied the convening of the parliament in November could undermine the country's democratic transition. We have proposed training Indonesian police leaders in non-confrontational crowd control tactics in an effort to help Indonesia reduce such violence and better ensure a peaceful democratic transition.

The training program has been designed to help police managers counter the overtly confrontational crowd-control tactics that have brought justifiable criticism and suspicion upon the Indonesian security forces. It will focus on teaching police leaders modern, non-frontational crowd management tactics and techniques and improving police-community communication. We believe it has real, if modest, potential to reduce violence, protect lives, and help ensure a peaceful democratic transition.

On April 1 the police separated from the Indonesian military structure in an initial step toward a fully independent status. This training will target police leaders only, not the military. For this reason, it also represents an opportunity to provide early institutional support for the Indonesian police as an organizational entity separate from the military.

BURMA DEMOCRACY AND HUMANITARIAN ASSISTANCE:

Question. To what can you attribute the continued delay in processing what should by now be a pro forma request for proposals for the support of the Burmese democratic opposition?

Answer. We want to ensure that USG funds are being put to optimal use to pursue our policy goals. Because the political, economic and humanitarian situation in and around Burma does not remain static, we are very careful to have a serious and thorough process each year.

We consider it necessary that all nongovernmental organizations (NGOs) submit formal applications describing their prospective activities for an interagency committee review (DOS, USAID, USIA), even if they have qualified for USG funding in the past. The reviews are completed as expeditiously as possible.

We consult regularly with the democratic opposition regarding current and potential uses of earmark funds. Kyi and other leaders of the democratic opposition prior to issuing this year's request for applications. As soon as the interagency committee's tentative funding determinations are made, these will be conveyed to the democratic opposition leaders for comment, and then finalized. While these consultations have added additional steps to the grant-making process this year, they are necessary in order to ensure that the funding is appropriately targeted to help us accomplish our goals in Burma.

We will make final funding decisions on the FY 99 funds by mid-summer.

Question. What is the position of the Department with regard to the use of these (appropriation) funds for development projects within Burma?

Answer. The U.S. Embassy in Rangoon is in close contact with Aung San Suu Kyi and has discussed the issue of humanitarian assistance to Burma with her many times. She has indicated that she supports humanitarian assistance in principle and would projects in Burma that could be closely monitored to ensure that they function without interference by the authorities and that assistance is delivered on a non-discriminatory basis.

We share Aung San Suu Kyi's belief that judicious use of assistance funds in Burma could advance prospects for democracy there.

COLOMBIA

Question. I understand that Assistant Secretary of State for Democracy, Human Rights and Labor, Harold Koh, recently visited Colombia. What steps is the United States taking to pressure the Colombian government to protect individuals working to protect the environment and defend human rights, who operate under constant death threats?

Answer. The threat to human rights activists in Colombia is well documented. We noted this concern in our annual Country Reports on Human Rights Practices for 1998, while the non-governmental organization Human Rights Watch recently reported that more human rights defenders were killed in Colombia than in any other country in 1998. In addition to those killed, many more have been threatened, and some have fled the country.

Due to the high level of violence in Colombia and the long-running internal conflict, the Department of State has advised Americans not to travel there. Guerrillas and paramilitaries have targeted and killed non-combatants, including human right defenders, for years. The recent murder by FARC guerrillas of three Americans working with an indigenous group on environmental issues underscores the dangers posed by the ongoing conflict. There is no quick or easy solution to the very complex problems confronting the government of Colombia.

Protecting human rights defenders is a high priority of the U.S. government, which we demonstrated by our strong support for a resolution on human rights defenders at the United Nations Human Rights Commission in Geneva in 1998.

Assistant Secretary Koh has raised our concern about the plight of human rights defenders regularly in meetings with Colombian officials, including Vice President Bell, who is in charge of the Colombian government's efforts to improve its human rights record. On his trip to Colombia in March, Assistant Secretary Koh highlighted the need for the government of Colombia to do more to protect human rights defenders in a speech he gave at a human rights conference in Medellin. He also raised the topic with President Pastrana during that trip, and met with human rights leaders to hear their concerns first hand and show our support for their efforts.

The highest officials of the government of Colombia, including President Pastrana, have stated their commitment to improve the human rights climate in Colombia, and to pay special attention to improving security for human rights defenders. The government is implementing a plan to increase security at the offices of the most

threatened human rights organizations, and to enhance the personal security of individuals specifically threatened.

We support those measures and will continue to monitor the situation closely.

Question. Providing counter-narcotics assistance and training to a military unit operating in the area of intense fighting could put the U.S. in the position of becoming further involved in this intractable conflict. How do you intend to keep our counternarcotics assistance from becoming counter-insurgency assistance?

Answer. Colombian military participation in counternarcotics law enforcement operations is necessitated by the nexus between heavily-armed insurgents and narcotics traffickers. USG counternarcotics assistance to the Colombian military will be closely monitored by the U.S. Embassy to ensure its use for counternarcotics purposes. We are working closely with the Colombian military to designate specific units to be used only for counternarcotics operations.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. PACKARD

KOSOVO: ARMING THE KLA

Question. There are some here in Congress that are advocating that we arm the Kosovo Liberation Army (KLA). It would seem logical to me that arming the Kosovo Albanians so that they can defend themselves is a better alternative than sending in American ground troops to do it for them. Do we have any plans to arm them? Would this be a good idea?

Answer. There is no military solution for either side to the Kosovo conflict. Arming the KLA would be a violation of the UN arms embargo in effect against Serbia, and we believe it is imperative to respect these UNSC resolutions.

Moreover, if we arm the KLA in defiance of the UNSCR, others may consider themselves justified in arming Serbian forces.

NATO's military actions against Serb forces are the most effective way of degrading and ultimately defeating Belgrade's plan for ethnic cleansing of Kosovo. Outside arms supplied to the KLA could detract from that effort by making refugees and IDPs more vulnerable to Serb attack.

KOSOVO/RUSSIA

Question. How far do you think Russia will go on supporting the Serbs? Is it a possibility that they may become militarily involved as well if we continue our intervention on Yugoslavia?

Answer. President Yeltsin has repeatedly stated, both publicly and privately, that Russia will not become militarily involved in the Kosovo conflict. In fact, Russia continues to engage actively with us in an attempt to find a diplomatic solution to the situation in Kosovo based on the principles put forth by the G–8 in Bonn.

Russia is supplying humanitarian assistance to Yugoslavia. Emergency Minister Shoygu has pledged that this aid is for all refugees regardless of ethnicity or nationality.

KOSOVO

Question. Can you provide us with an update on our efforts in regard to the refugee situation? Are there still plans for the United States to accept some of these refugees?

Answer. Funding. Since March 1998, the U.S. has provided over $188 million in Kosovo-related assistance: nearly $60 million from State/PRM, $80 million from USAID, and $48 million from the Defense Department. Much of our funding has been funneled through international organizations such as the UNHCR and IOM, where it has a multiplier effect, and is implemented by U.S.-based non-governmental organizations.

Camp Hope. The U.S. military assigned in Albania has contracted for the construction of camps for Kosovar refugees, beginning with Camp Hope, near the coastal town of Fier, which will ultimately have a capacity of 20,000. Camp Hope began accepting refugees on May 13. U.S. construction of at least two additional camps is under consideration.

Refugees to U.S. on April 21, the administration announced the U.S. plan to admit up to 20,000 Kosovar Albanians to the U.S. as refugees. The first priority of the program is to relieve the pressure on the Government of Macedonia by moving refugees from FYROM. The program consists of two tracks: one that will reunite families in Macedonia directly with relatives in the U.S. and a second that will

move refugees out of vulnerable situations in refugee camps. We are prepared to reunite relatives with refugee families in Albania as well. Our first priority, however, is to relieve the pressure on Macedonia.

Question. What type of humanitarian assistance are we providing to the refugees? Do you have a cost estimate at this time of the humanitarian assistance that has been provided thus far?

Answer. Funding. Since March 1998, the U.S. has provided over $188 million in Kosovo-related assistance: nearly $60 million from State/PRM, $80 million from USAID, and $48 million from the Defense Department. Much of our funding has been funneled through international organizations such as the UNHCR and IOM, where it has a multiplier effect, and is implemented by U.S.-based non-governmental organizations.

Macedonia. The most pressing of the myriad problems in the Kosovo crisis is to move people out of Macedonia. The total number of refugees in Macedonia is over 230,000, more than ten percent of the country's population. The USG has begun providing refuge in the U.S. to up to 20,000 Kosovar refugees. Preference is being given to refugees with relatives in the U.S., to vulnerable populations, and to those in Macedonia.

Albania. The U.S. military assigned in Albania has contracted for the construction of camps for Kosovar refugees, beginning with Camp Hope, near the coastal town of Fier, which will ultimately have a capacity of 20,000. Camp Hope began accepting refugees on May 13. U.S. construction of at least two additional camps is under consideration. Whereas in Macedonia the political optics are uppermost, in Albania the constraining factor in refugee capacity is the country's antiquated infrastructure. UNHCR has begun providing cash payments to the host families in Albania that have been gracious enough to take Kosovars into their homes. New refugees are entering Albania from Kosovo and Montenegro. Albania now has over 430,000 Kosovar refugees.

RUSSIA/IMF

Question. Russia is interested in obtaining yet another loan from the International Monetary Fund (IMF). I have deep concerns about this considering earlier press reports that a lot of money from a previous IMF loan ended up in a Swiss bank. What type of oversight do we have in making sure our assistance is used for its intended purposes?

Answer. As a precondition of the IMF program currently under discussion, the Russian Office of the Prosecutor General must provide the Managing Director of the IMF with a written legal opinion on the handling of the IMF tranche disbursed in July 1998. The accounting firm of PricewaterhouseCoopers is also participating in the investigation of this disbursement as part of its audit of the Russian Central Bank.

IMF Board approval of disbursements is contingent on Russia's implementation of a range of measures, including ones aimed at increasing government revenues and restructuring the banking system. In response to our repeated insistence on transparency in the management of these funds, Russia agreed that disbursements would be made in the form of Special Drawing Rights (SDRs) rather than dollars. These funds would be held in an SDR account at the IMF for the purpose of making payments on its obligations to the Fund as they come due.

U.S. ASSISTANCE TO UKRAINE

Question. The Administration has requested an increase in FY 2000 aid to Ukraine. In the past, this committee has pushed them to enact economic reforms. American business people have testified that corruption is rampant, and they themselves have been the victims of this corruption, which makes it difficult for them to do business there. Is this increase justified and are you convinced that Ukraine has made some progress in this area?

Answer. I share your concern about Ukraine. The truth is that its transition is not easy and will take a long time. We have made a long-term commitment to assist Ukraine in this process. I dealt with these issues, including Ukraine's difficult business climate, in a Report to Congress on February 18, 1999. I certified then that Ukraine has made "continued progress" with respect to the resolution of U.S. investor complaints.

Our focus on helping Ukraine meet the challenge of transition obscures the fact that hundreds of U.S. and other foreign companies are active in Ukraine. We have worked hard with Ukraine's government to resolve U.S. investor complaints. These are thorny issues typical of many economies in transition. But we have seen

progress this year, particularly in GOU efforts to address a range of systemic problems which impede both foreign and domestic investment.

We are asking for more money for Ukraine because of its importance to our interests, because it needs our help, and because we can and should do more in Ukraine especially at the grassroots level. We will focus on the nascent NGO community, independent media, and municipal and regional governments, where by working with progressive local leaders we can make sure that our help works in support of Ukraine's democratic and market development.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. KNOLLENBERG

KOSOVO AND U.S. ASSISTANCE TO RUSSIA

Question. Given the current state of affairs, do you foresee the Administration taking any action affecting the U.S. foreign assistance program in Russia? If Russia were to enter this conflict on behalf of Yugoslavia, what action, if any, would the Administration take regarding future U.S. assistance programs in Russia?

Answer. Assistance to Russia continues to be in the national interest of the United States. It is important that the USG continue to support security and democracy building efforts in Russia. This includes U.S. assistance in the areas of security (threat reduction, nuclear safety and export control activities); humanitarian aid (food aid, orphanages, combating TB and HIV); democracy and civil society (independent media, law enforcement, exchanges); and other grassroots programs that support small business and NGO development.

We are working through the G–8 process with Russia to seek resolution of the Kosovo conflict. President Yeltsin has stated repeatedly that Russia will not be drawn militarily into the conflict with the FRY.

KOSOVO

Question. Initiation of NATO's Operation Allied Force significantly accelerated the inevitable large movement of refugees from the war zone. As the State Department planned for the fall-out of this operation what were your estimates of population migration, and what were your expected resource requirements to aid the refugees? What period of time did your estimates assume would require sustained support to refugees?

Answer. While we expect that there would be some population movement out of Kosovo based on Serbian military repression, we did not anticipate the pace and scale—and above all the Yugoslav determination—of the most systematic ethnic cleansing seen in Europe since the Second World War.

Even aid agencies did not predict that there would be ethnic Albanians herded on trains and dumped at the Macedonia border.

We were prepared and had in place in the region enough personnel, food, and logistical support for 400,000 people for six months. International Organizations such as the UN High Commissioner for Refugees (UNHCR), in coordination with numerous non-governmental organizations (NGOs) both international and local, such as the Mother Theresa Society, were doing an excellent job of assisting the hundreds of thousands of people Milosevic had displaced internally.

Frankly, the international aid community does not pre-position food for every potential outflow, but rather is prepared to respond throughout the world, very quickly. That is what was done.

In addition, that much food and that many supplies would have been seen as some kind of magnet—a pull factor.

We couldn't have gotten the political, financial, or logistical support for that kind of operation. A crisis of this proportion mobilizes the entire world—but unfortunately, that doesn't happen until the crisis is at hand.

CASPIAN OIL BASIN

Question. Does the Administration deem it necessary to adjust its policy toward the Caspian, in order to adequately reflect the current reality and broader U.S. interests?

Answer. U.S. energy policy in the Caucasus and Central Asia aims to develop a network of multiple pipelines and an east-west energy transit corridor in pursuit of four key objectives: Fostering the independence, prosperity and stability of the new states of the Caspian region; Establishing economic linkages between these new states to mitigate regional conflicts, foster their integration into the global economy,

and encourage their evolution toward market-based democracies; Bolstering global energy security by ensuring the free flow of Caspian energy resources to world markets; and Enhancing commercial opportunities for companies from the United States.

Realization of an east-west corridor of multiple pipelines is moving ahead at a healthy pace. Two "early oil" pipelines are now in place to carry oil from the Caspian to Black Sea ports; the Caspian Pipeline Consortium (or CPC) broke ground on May 12 for its project to transport oil from Kazakhstan to the Black Sea; and efforts to promote trans-Caspian, trans-Caucasus pipelines for oil and gas are succeeding because, among other reasons, the oil and gas companies recognize the long-term importance of these routes.

QUESTIONS FOR THE RECORD SUBMITTED BY MR. KINGSTON

KOSOVO

Question. As you know, the four elements of National Power include Diplomatic, Informational, Military, and Economic strategies, and the conduct of Foreign Policy and National Security policy must carefully employ these assets, fully understanding that the most costly in resources and lives is the use of Military Power and should thus be used as a last resort. Do you believe that we fully exhausted employing the other three elements before we engaged military power to solve our dispute with President Milosevic? How were these elements employed?

Answer. Yes, I believe that we fully exhausted the other three elements before we engaged military power. As you will recall, for nearly an entire year before the start of the air campaign, Ambassador Chris Hill had been engaged in an intensive shuttle diplomacy in the region. He and his EU and Russian counterparts were backed up diplomatically by the U.S., UK, France, Germany, Italy, and Russia (the Contact Group), as well as NATO, the European Union, the OSCE and other organizations.

We employed a host of non-military methods before resorting in the final instance to military action. The U.S. and EU imposed an arms embargo, but also imposed an investment ban and assets freeze, as well as a visa ban. In addition, "outer wall" sanctions (denial of membership in international organizations and access to international financial institutions, or IFIs) remained in effect and were partially used as leverage with the Federal Republic of Yugoslavia (FRY) on Kosovo. Public diplomacy by the U.S. and others made clear to the Serbs and to neighboring states Belgrade's responsibility for atrocities and repression against civilians, and that international patience was running out, as well as the ruin and isolation that the policies of the Milosevic regime were bringing on the people of the FRY. The strong support NATO has received from all of the FRY's neighbors is proof positive that these efforts worked.

When last year Belgrade began its brutal repression of ethnic Albanian civilians in Kosovo, we led other concerned countries to pass United Nations Security Council Resolution (UNSCR) 1160 calling upon the parties to settle the crisis peacefully and imposing an arms embargo. As the crisis deepened, we worked with our Contact Group partners to gain Belgrade's acceptance of a Kosovo Diplomatic Observer Mission (KDOM). Despite continued diplomacy by Hill and others, by September it had become clear that, if the Serbs continued their reign of terror in Kosovo, a humanitarian catastrophe would occur as winter set in. Tens of thousands of Kosovars were living in the open, while many more thousands had been displaced from their homes.

Reflecting international anxiety over the situation, we again led the effort to obtain a UNSC resolution, 1199, which set a standard of compliance for Belgrade to avert violence and a potential humanitarian catastrophe. We and our NATO Allies were especially worried about the deteriorating situation and at the North Atlantic Council voted to approve taking military action if no other course was possible. In October, Special Envoy Richard Holbrooke, backed by the military power of NATO, was able to convince President Milosevic to accept the international community's terms. This paved the way for agreements with NATO and the Organization for Security and Cooperation in Europe (OSCE) for air and ground verification missions, AVM and KVM, respectively. Once Generals Clark and Naumann laid down the terms for the withdrawal of Serb forces from Kosovo, KDOM was on the ground to verify the withdrawals. AVM and KVM were endorsed by the UN Security Council in resolution 1203.

As part of the Holbrooke-Milosevic agreement, Belgrade agreed to pursue a political solution to the Kosovo crisis. Chris Hill reinvigorated his shuttle diplomacy, pre-

senting draft after draft of proposed texts to both sides. Meanwhile, OSCE's KVM reported increasing noncompliance with the October agreements.

Following the massacre of 45 unarmed civilians in the village of Racak on January 15, 1999 (later proven by a Finnish forensics team), it became apparent that Serbs were stalling on the diplomatic front in order to resume their repression. The Contact Group agreed to attempt to short-circuit the Serbs' bad faith in the negotiations by convening the parties for intensive discussions at Rambouillet on the basis of proposed texts which met all previously agreed principles. We made clear along with our NATO allies that failure to respond positively would have serious consequences. Belgrade responded and appeared at the Rambouillet talks.

The Serbs' perfidy at Rambouillet is a matter of record. They dragged out the negotiations and refused to engage on key substantive issues, all the while building up a massive force in and around Kosovo with which they intended to ethnically cleanse the province of ethnic Albanians. The Kosovar delegation accepted ad referendum the Rambouillet accords. The Serbs, however, only agreed to the political aspects. When the parties met several weeks later in Paris, the Serbs walked back even on what they had previously agreed.

Despite intense diplomatic pressure from the Contact Group, a military threat from NATO, last minute visits by high-level diplomats, and his own repeated promises to seek a political solution, Milosevic persisted in seeking to use force to repress and terrorize Kosovo's civilian population. By the time NATO began its air campaign, the Serbs had been engaged for months in the advance stages of their plan to rid Kosovo of its Albanian residents, including a return to shelling of villages, summary executions, beatings, systematic looting, robbing, extortion, and terror. Their actions had displaced tens of thousands of Kosovar Albanians and had created such a dangerous environment throughout the province that the OSCE KVM had to withdraw for its own safety.

Question. The Washington Post reported "Clinton administration officials have expressed concern that any move to constitute an alliance invasion force would trigger a divisive debate that could undercut support here and in Europe for the air operation." (NATO Forces Staging, But Not For Invasion, 4/9/99) One of the administration's stated "important interests at stake in the Kosovo conflict (includes) maintaining the credibility of NATO as guarantor of peace and stability in Europe" (White House, Information Regarding the US/NATO Action in Kosovo, 4/9/99). Although the campaign against the Serbs is in the name of NATO, what is the overall feeling within the alliance? With the exception of Greece, are other countries in the alliance actively supporting the attacks?

If NATO is unable to unite behind a resolution to use all means of force to meet their objectives and end this war with Yugoslavia, will it's credibility not be lost?

Weren't these contingencies negotiated with our allies and planned for in advance—before the commitment of force?

Answer. NATO's credibility is at stake. But nothing has deterred NATO's commitment to the unanimous declaration by NATO heads of government at the Washington Summit that NATO would not allow the campaign of terror pursued by the Belgrade regime under the direction of Slobodan Milosevic to succeed.

NATO is determined to stop the humanitarian crisis, bring long-term stability to Southeastern Europe, and defend the values for which the Alliance has stood since its foundation: democracy, human rights, rule of law.

We and Allies closely considered all options before selecting the current course of action and continue to monitor progress and evaluate alternatives to ensure the mission is accomplished. We expect the air campaign to achieve NATO objectives.

Question. The long slow escalation of the War in Vietnam, and the restraints imposed on the military by the U.S. administration in the 1960s and 1970s cost our country dearly in American lives and in resources. Does your budget reflect the potential costs associated with the current war over Yugoslavia and what is the Foreign Policy and National Security Strategy you will implement to avoid similar costs in this escalating conflict with Yugoslavia?

Answer. I can only comment on the non-military aspects of the budget, but I believe our budget takes into consideration most potential costs associated with the current war over Yugoslavia. Our Allies and we are convinced that the air campaign will be successful, (delete) and that subsequent events will show this to be true. Those actual and anticipated costs are expected to be covered by the requested supplemental, as well as most of our share of the costs in providing humanitarian and other support to countries in the region through the end of the current fiscal year.

Once the conflict is over, there will be a large reconstruction task in Kosovo. While we should pay our fair share, the Europeans have agreed that they will be responsible for the vast majority of it. Once we have a better sense of the damage, however, we may need additional funds to meet our share of KFOR, provisional ad-

ministration, humanitarian relief, war crimes prosecutions, and reconstruction costs for Kosovo and administrative overhead for the USG civilian agencies involved.

KOSOVO: DIPLOMACY BACKED BY FORCE

Question. I agree with your piece in Foreign Affairs last year saying that U.S. diplomacy requires not only vision and anticipation, but also the spine to honor our commitments and back our words with actions. If our earlier threats of lower-intensity force had been exercised when our conditions or deadlines were not met, I believe our coercion of Milosevic would have been more effective. Possibly avoiding today's all out war. Am I wrong?

Answer. Diplomatic engagement backed by the credible threat of force is the most realistic formula for stabilizing the Balkans and protecting United States interests in that region. That is the formula we used to end the war in Bosnia and Herzegovina, and that is the approach used in pursuing a diplomatic solution to the crisis in Kosovo.

I agree that in order for the threat of force to be credible, it must be backed by determination and commitment. That is why we have clearly spelled out for Milosevic what actions he must take and the consequences for failing to meet them. When he failed to accept the Rambouillet Accords, NATO had no choice but to follow through on its threat to take military action.

KOSOVO: NATIONAL INTERESTS AND THE USE OF GROUND TROOPS

Question: Did your strategy for a recommendation to commit American forces into the conflict with Yugoslavia include a conscious decision that we would have to use all means possible to achieve a favorable outcome and the realization that winning this war could mean a commitment of overwhelming force, including the use of a large ground force to win? Is not such an assessment essential to fully evaluate if this is a vital national interest before committing military power under any circumstances?

Answer. NATO is unified in its determination to resolve the conflict in Kosovo based on its five conditions, including the requirement for an international military presence.

NATO is currently updating its plans for KFOR, which would enter Kosovo after a suspension of NATO air strikes and the withdrawal of Serb military, police and paramilitary forces.

This is a prudent step and does not constitute a change in policy.

NATO's strategy is aimed at disrupting and crippling the assets Milosevic uses to carry out atrocities in Kosovo. The air campaign—central to achievement of that objective—is working and with time is increasingly effective. We are confident that it will succeed.

KOSOVO STRATEGIC OBJECTIVES

Question. Our current strategy to reach our objectives and end the conflict in Yugoslavia requires the capitulation by our enemy, President Milosevic. Our goals can only be reached by his decision to accept our demands. There is no strategy in place to meet our objectives if he does not. Our objectives in the 1990 Gulf War set four clear objectives, while Saddam Hussein could have capitulated and removed his forces from Kuwait, our strategy allowed us to accomplish our objectives independent of the enemy's decision process. We had a course of action, employing overwhelming ground forces, to obtain our objectives. We were in control. Could you please address the open available in our current strategy to end the conflict in Yugoslavia, independent of the enemy's decision process, that would allow us to meet our objectives? What are the potential costs associated with an open ended commitment that remains dependent upon Mr. Milosevic's capitulation to end this crisis?

Answer. NATO air strikes against the FRY will continue until Milosevic accepts the five conditions agreed to at the Washington Summit. Those air strikes have already damaged the military, internal security forces, and other pillars of Milosevic's regime, making it much more difficult for him to pursue his brutal policy of ethnic cleansing.

At the same time, we are pursuing a diplomatic strategy designed to maintain the Alliance's unity, and demonstrate to Milosevic that he is totally isolated.

Intensified air strikes will cause even greater damage to Milosevic's regime.

NATO's ability to seriously damage Milosevic's government enable it to deal from a position of strength.

While we have chosen a different strategy from the Gulf War, our strategy, which will not require the same commitment of resources as the Gulf War, is appropriate given the circumstances in Kosovo, and will be successful if we give it enough time.

KOSOVO RECONSTRUCTION

Question. Following hostilities in Yugoslavia, Kosovo will require substantial funds to provide for resettlement and reconstruction. Is the State Department currently developing cost estimates associated with this need? What levels of funding are expected? What contributions do you expect to be provided by the United States? By other nations?

Answer. At the time of the peace talks in France last March, the United States Government had, along with the UNHCR and the European Commission, conducted extensive assessments of infrastructure reconstruction needs in Kosovo to repair damage incurred since March 1998. We had, along with the OSCE, also begun to look at the costs related to the implementation of the civilian components of an interim peace agreement. Best estimates put total costs around $750 million, with over half of this sum for housing repair.

At present, without the possibility for donors, NGOs, or International Organizations to be present in Kosovo, there is simply no way of assessing the damage done to the hundreds of villages that have been shelled and burned by the VJ and the MUP since the beginning of the current offensive. That damage is continuing.

The EU has already agreed to assume leadership in coordinating international reconstruction assistance and in managing the reconstruction and development effort in Kosovo once a peace settlement is secured.

While we expect our European allies and partners to contribute the bulk of the resources towards this effort, the U.S. should pay its fair share.

COUNTERING SERB PROPAGANDA

Question. In what ways were psychological operations used, if at all? When did they begin? Have you sustained this effort? Were leaflets dropped? Is VOA engaged?

Answer. Milosevic has closed down all sources of independent and objective news and information in the FRY and replaced them with shameless propaganda and vicious misinformation. To counter this, we are actively providing additional sources of accurate news and information to the Serbian people, allowing them to better make the informed decisions that will help shape their own future.

Radio Free Europe and the Voice of America are already available throughout Serbia on the AM and short-wave bands, but we are working to make this programming available on the more popular FM band as well. We are currently broadcasting RFE/RL into Serbia 24 hours a day from radio towers we have built for this purpose in Bosnia. We will begin broadcasts from FM transmitters in Croatia and Bulgaria this week. Programming from these FM transmitters includes VOA, RFE/RL, BBC, and Deutche-Welle.

Direct satellite broadcasts and Internet materials are also being used to reach select populations within Serbia. NATO is also broadcasting three hours per day into Serbia from military aircraft on both FM and AM bands, as well as on television. I have personally made four direct addresses to the people of Serbia, and other administration and U.S. Government officials have addressed this population. These addresses are carried via radio and satellite television, and are also audio-streamed over the Internet. To focus our counter-propaganda efforts, we have established a Serbia Intelligence Group in the State Department, which consists of USIA officers with long experience in Yugoslavia and the FRY to develop appropriate messages to the Serb people.

Forty-two million leaflets have been dropped on Serbia and Kosovo since this operation began. Although the civilian International Public Information campaign has been ongoing, the military information campaign began the week following the first NATO airstrikes.

This sustained International Public Information (IPI) and International Military Information effort are key components of our overall effort to achieve our broad objectives in the region.

HAITI

Question. The U.S. military has maintained forces in Haiti since the September 1994 mission to restore democracy. Reports have indicated the cost of these operations is about $22 million a year, that the current political situation has become increasingly unstable and that Gen. Charles Wilhelm, Commander of the US South-

ern Command, has recommended to end the permanent U.S. presence there. (*Washington Times* March 24, 1999, GOP Lawmakers Propose Pulling Troops from Haiti).

What is the State Department's current assessment of the situation in Haiti, what are our specific military roles and missions in Haiti, what is the funding level for this ongoing operation, what are the specific objectives that must be achieved before the State Department will recommend an end to the military mission, when do troops come home?

Answer. With the recent formation of a Provisional Electoral Council (CEP) and a new Cabinet, Haiti is moving towards holding legislative and local elections pending from last year. Free, transparent, and inclusive elections, in consonance with the Haitian constitution, will be the best path forward for resolving Haiti's prolonged political impasse and restoring fully the parliamentary branch. Several incidents of violence against politically-linked Haitian citizens—including the killing of an opposition senator—have raised concern that some may seek to prevent elections through intimidation. The motives behind the incidents remain unclear, although investigations continue.

The U.S. Military presence has contributed to continued stability and served as a visible manifestation of U.S. support for Haiti's democratic transition and economic development. As preparations for the long-awaited elections get underway, this role will continue to be important to U.S. interests. Currently, the roughly 400-strong U.S. military support group conducts civil engineering and humanitarian assistance projects. It has dug dozens of wells; its medical clinics have provided care to tens of thousands of Haiti's poor. These projects provide important training for U.S. troops as well as essential services to the Haitian people.

For the time being, these mutually beneficial exercises will continue in Haiti with gradual reductions and eventual withdrawal. Consistent with our commitment to reduce and eventually withdraw our troops from Haiti, in August 1998 the President approved a modest reduction in force strength and in the frequency of engineering projects undertaken.

TERRORISM

Question. Following the U.S. Strikes in Sudan and Afghanistan, you conducted a press briefing on 20 August 1998 and stated "Today the United States is asking every nation to stand publicly against those who perpetrate, finance or otherwise support terrorism. We're asking governments to join us in taking the actions necessary to deter and defeat terrorists acts. And we recognize that this is a long-term struggle, as the President said, but we recognize as well as that it is a struggle we must win."

What is our current strategy in this campaign and what funds and resources are you asking to sustain this campaign?

How would you rate our progress to date?

Answer. The United States has a long range strategy against terrorism which includes bringing terrorists to justice and working with other countries to deter and contain terrorism; applying pressure to terrorist states that sponsor terrorism to change their behavior and make no deals with terrorists, so as to avoid encouraging additional acts of terrorism.

We employ a variety of tools in this effort, including economic sanctions, diplomatic pressures, intelligence assets, training to enhance the counterterrorism capabilities of friendly countries, and military resources if appropriate.

The specific resources for this effort include the request of $33 million for the antiterrorism assistant program for FY 2000. The ATA program is launching new initiatives to help terrorist fund raising and potential use of weapons of mass destruction, programs that received initial funding in the FY 1999 emergency supplemental. The ATA program is financed through the Foreign Operations Appropriation. Other specific programs include the counterterrorism research and development program and the terrorism rewards information program, both funded through the State Department budget.

These specific programs, however, reflect only part of our effort to fight terrorism. A wide variety of posts overseas and bureaus and offices in the State Department are involved in the efforts to enlist the cooperation of other nations in the fight against terrorism. Without strong embassies overseas, which, for example, can develop good working relationships in advance with the host country, it would be impossible to obtain the kind of close cooperation needed.

The rate of progress in countering terrorism is difficult to measure. State sponsorship is in decline and the number of international terrorism attacks had been falling markedly during the past five years. But we are seeing more mass casualty attacks, such as those that took place against the U.S. embassies in East Africa. The emer-

gence of loosely affiliated and previously unknown small groups, which often are composed of radical religious fundamentalists and whose members are willing to commit suicide to further their "cause" has greatly complicated the intelligence gathering effort. These groups are more difficult to penetrate and disrupt.

NORTH KOREA

Question: The State Department is requesting $55 million this year for KEDO. I am opposed to this large increase for basically two reasons: it is much more than the U.S. share was promised to ever be, and—from what I hear in media accounts—we are buying a pig in a poke. We provide the oil while North Korea apparently proceeds to develop an underground nuclear program.

Does any semblance of compliance from North Korea with the Agreed Framework remain to justify this enlarged request?

Will the Department of State and/or appropriate authorities explain to me what kind of structure they believe is being developed underground?

I will continue to oppose this appropriation strongly until I am convinced our national interest is still being advanced with it instead of compromised through the enrichment of a nation providing sensitive technology to Iran, threatening Japan, and stealing food from its own starving citizens.

Answer. The Administration request of $55 million for KEDO in FY 2000 is designed to maintain the Agreed Framework between the United States and North Korea by ensuring deliveries of heavy fuel oil (HFO) to the DPRK while seeking to pay off KEDO's HFO debt.

While the Agreed Framework has not removed all questions about North Korea's nuclear activities, it has succeeded for the past four and one-half years in freezing the DPRK's graphite-moderated reactors and related facilities at Yongbyon and Taechon, placing these facilities under continuous IAEA monitoring, and canning the spent fuel from the 5 MW(e) experimental reactor. IAEA monitoring, along with National Technical Means, has allowed us to determine that the DPRK is complying with the freeze provisions of the Agreed Framework. Canning operations, undertaken jointly with a team of U.S. experts, have been largely completed, and the current clean-up of remaining spent fuel rod fragments is expected to be finished in the next few months.

On March 16, 1999, U.S. negotiators reached agreement providing access for a team of U.S. experts to the suspect underground site at Kumchang-ni. This team will visit the site beginning May 20, 1999, and will attempt to determine the present state, precise dimensions and configuration of the site. Following this visit, the Administration will be prepared to brief you and your colleagues on the team's findings. In accordance with the agreement, another visit will take place in May 2000, with follow-up visits continuing as long as needed to allay our concerns that the site could be used for nuclear-related activities.

In 1994, we faced the prospect of war. The Agreed Framework has moved us from war to negotiation. While not eliminating the threat of a North Korean nuclear program, the Agreed Framework has succeeded in freezing activity at Yongbyon. Seen in this light, the $55 million cost is small. This amount is larger than originally estimated because our expectation of others' contributions for the HFO program has been changed—due in part to the Asian economic crisis. It should also be compared with the $4 billion committed to KEDO by South Korea and Japan, which are together taking the primary responsibility for the light-water reactor project.

U.S. policy toward North Korea is currently undergoing review by former Defense Secretary Perry. We expect him to make his recommendations this spring. Our policy toward the DPRK under the Agreed Framework is supported by, and the subject of close consultations with, our South Korean and Japanese allies.

DEVELOPMENT ASSISTANCE PRIORITIES

Question. Can you outline for me the role our embassy officials have in the establishment of USAID's in-country development assistance priorities? Richard Armitage, in a Christian Science Monitor (3–20–98) criticized U.S. assistance by saying there was not a close enough link between development and U.S. foreign policy goals. He charges that in many cases AID does not get the input of other embassy sections as it develops its country aid strategy, resulting in "development for development's sake" without a clear link to overarching objectives. What is your reaction to this? Is folding USAID into the State Department a solution or remedy?

Answer. While some may have felt this way in the past, in fact, USAID and the Department of State have been working closely together to identify and implement improved coordination mechanisms at both country and headquarter levels. We have

made excellent progress, and will continue this, consistent with integration legislation on State-USAID cooperation.

The first step was to clarify goals and objectives. In September 1997, the International Affairs Strategic Plan (IASP) was issued to provide an overarching framework for the international affairs goals of all executive agencies of the United States Government. This plan was developed with extensive participation of the various foreign affairs agencies, including USAID, and was also vetted with stakeholders in Congress. The plan describes seven core U.S. interests and sixteen strategic goals in the areas of national security, economic prosperity, protection of American citizens and border security, law enforcement, democracy, humanitarian assistance, environment, population, and health. Both USAID's and the Department of State's Agency Strategic Plans are fully consistent with the IASP.

Having clarified higher level goals, we then developed and put in place better coordinating mechanisms at the country level. Starting in 1998, each Embassy Country Team (comprising the heads of all USG agencies at a post) was required to produce a strategy document, the Mission Program Plan (MPP), which summarizes how the IASP is being implemented in a given country. MPPs incorporate the work of all agencies working in a country, including USAID. they represent the combined efforts of the Country Team and are approved by the Ambassador. They are then reviewed in Washington and used to agree on program priorities and resource requests.

USAID requires that all of its strategic planning documents prepared at the country level are both fully consistent with the MPP, and approved by the Ambassador before being submitted to Washington for review. USAID prepares detailed country Strategic Plans covering several years of operations in a given country. The USAID strategic plans are more detailed than the MPPs and provide the information necessary for Washington review and approval of multi-year programs. The Department of State participates closely in reviews of USAID country Strategic Plans at the Washington level.

Both the MPP, which is prepared annually, and USAID's more detailed Results Review and Resource Request or "R4" document provide annual performance assessments of each strategic goal pursued in a country. Both documents are shared by USAID and Department staff and are used to coordinate budget requests as well as approve any changes in strategy direction at the Washington level. USAID and Department staff coordinates preparation of annual guidance on both the MPP and the R4 and are continually assessing the adequacy of coordination and identifying improvements.

The recent plan developed pursuant to the Foreign Affairs Reform and Restructuring Act has strengthened the relationship between the Department of State and USAID. This new relationship and strengthened coordination in the field will ensure strong development objectives without the need for further reorganization.

IRAN

Question. Have there been any signs that Iran is decreasing its support for terrorism or its efforts to acquire weapons of mass destruction and the missiles to deliver them?

Answer. Iran is continuing its efforts to develop a nuclear weapons capability. It also is pursuing indigenous ballistic missile and chemical and biological weapons production capabilities and is aggressively seeking equipment and technology from foreign sources for these programs.

Iran continues to sponsor terrorism. Despite public statements condemning certain terrorist acts, Iran supplies training, funding, and other means of support to a variety of terrorist groups.

IRAN

Question. How much assistance is Iran currently supplying to Hamas and Hizballah?

Answer. Iranian assistance to these terrorist organizations takes many forms, including money, weapons, munitions, and training. It is impossible to affirm a single figure for the total amount of Iranian aid to Hamas and Hizballah. In the case of Hizballah, we estimate this support to be in the $50–100 million range per year. In the case of Hamas, total Iranian support probably amounts to $2–3 million per year.

Question. Last month, the Administration publicly announced that it would not raise the quota on Russian launches of American satellites until we began to see serious Russian efforts to restrict the transfer of missile and nuclear technology to Iran. What is your assessment of current attitude and performance of the Russian

government in terms of the transfers of dangerous technologies to Iran? Do you agree with reports of notable decline in Russian responsiveness on this issue in the last six months? If so, what do you attribute this decline?

Answer. Since January 1997, the Administration has informed the Russian Government that we will be unable to raise the current quota for launches of commercial satellites to geostationary orbit until Russia halts cooperation with Iran's ballistic missile program. We believe the commercial space launch quota limitation gives the Russian government a strong incentive to halt these technology transfers.

Despite the Russian government's nonproliferation and export control efforts, Russian entities continue to cooperate with Iran's ballistic missile program, and to engage in nuclear cooperation with Iran beyond the Bushehr nuclear reactor project. Although we had seen some improvement in Russia's efforts to crack down on missile-related activities during the first half of 1998, we have seen backsliding since then. We continue to receive reports of ongoing contracts, cooperation, and assistance by Russian entities to these Iranian programs.

During the past year, the USG imposed penalties on ten Russian entities. In January, the Administration used existing authority to impose administrative measures against two Russian entities for nuclear-related cooperation with Iran and one Russian entity for missile-related cooperation. Last July, we took similar action against seven Russian entities involved with Iran's ballistic missile program.

In addition, we are continuing our longstanding, broad, and intensive efforts with the Russians to stop proliferation-related activities. We and our allies continue to press the Russian government to end cooperation between Russian firms and the Iranian missile and nuclear programs and to bolster its export control and enforcement capabilities.

As part of this effort, U.S. and Russian experts in the past two months have developed an action plan to address some of our most pressing missile proliferation concerns, including development on a priority basis of internal compliance offices at several Russian entities. We have developed a similar plan for the nuclear area that also includes enhanced export control measures. U.S. and Russian experts met in late April to begin implementation of these plans.

Question. What steps are we undertaking to persuade Russia to improve its performance? Are we prepared to sanction additional Russian entities, beyond the ten already under penalties, if there is hard evidence implicating them in the Iranian programs. On the other hand, are we prepared to offer incentives for good behavior on the part of Russia?

Answer. During the past year, we imposed administrative measures against ten Russian entities for their nuclear and/or missile-related cooperation with Iran. In doing so, we banned U.S. exports to and Russian imports from these ten entities. We also banned U.S. government procurement from and assistance to these entities. These measures will remain in force until we determine it is in the foreign policy or national security interests of the United States to lift them in whole or in part, or until we determine there has been reliable evidence that the entities' proliferation behavior has ceased.

We believe these measures also helped to motivate the Russians to agree to two action plans aimed at curtailing cooperation by Russian entities with Iran's missile and nuclear programs. The establishment of effective internal compliance offices in entities of concern is at the heart of the action plans. U.S. and Russian experts met last month to begin implementation of these plans.

We are continuing our longstanding, high-level intensive effort to press the Russian Government to end cooperation with the Iranian missile and nuclear programs and to bolster export control enforcement. We will continue to raise missile and nuclear cooperation in our discussions with the Russian side until all of our concerns are resolved.

We remain prepared to impose administrative measures in additional cases, when we believe that doing so is in the national interests of the United States, and to implement the requirements of U.S. sanctions legislation.

RUSSIA/IRAN

Question. How firm is the Administration with respect to the policy on satellite launchers?

Answer. We have linked decisions on the space launch quota to Russian performance on curbing missile cooperation with Iran in order to provide a strong incentive for the Russian government to take affective action against transfers of missile technology to Iran.

Future decisions on the space quota will depend on Russian actions with respect to our missile proliferation concerns.

U.S. Army School of the Americas

Question. I support the goals of our International Military Education and Training program and particularly recognize the important role of the School of the Americas in our own hemisphere. With our armed forces spread so thin and dollars so limited, we need approaches like the school to fully implement our foreign policy. Do you agree with this view, that this kind of direct contact with foreign militaries is just as critical as ever?

Answer. Yes. Military professionalization is a fundamental component of our foreign policy efforts to promote stability and strengthen democratic institutions of civilian government. The U.S. Army School of the Americas contributes to this effort by providing training and instruction to Latin American military members on civilian control of the military, promotion of democracy, and respect for human rights.

The School encourages cooperation among military and police forces by training both groups together, providing what is often the first exposure these security forces have had in working together. The School also provides training programs in areas that enhance regional cooperation, such as peacekeeping, demining operations, counterdrug operations, medical assistance, leadership development, and military justice.

In order to ensure that only students with a clean human rights record receive training, we have worked with DoD to develop and institute procedures to vet every student being considered for the school. Additionally, the School ensures that human rights issues and respect for civilian authority are integrated throughout the coursework and in field exercises.

Iran

Question. Does it appear that President Khatami is in control? Does he even participate in security related decision-making? What are the prospects that he can prevail in his efforts?

Answer. President Khatami exercises authority over much of the Iranian government, but is outranked by Supreme Leader Khamanei on issues involving the Iranian armed forces, the Revolutionary Guards, the Judiciary and the Ministry of Intelligence. In addition, powerful foundations called "bonyads," which control the holdings of the former Shah and figures associated with his regime, report directly to the Supreme Leader, and not President Khatami. The bonyads exercise a significant impact on Iranian economic activity.

Khatami's election two years ago alarmed conservative elements in Iran. As Khatami has pressed for change in both domestic and foreign affairs, these conservatives have resisted. The outcome of this struggle will depend in great part on the evolving power relationships among Khatami, Supreme Leader Khamanei and Expediency Head (and ex-president) Rafsanjani.

The Iranian public apparently supports Khatami and his agenda of promoting the rule of law, reducing government intrusion into people's lives, and increasing freedom of expression.

Question. What is your assessment of Iranian progress in the missile and nuclear arenas? What action are we undertaking to address these developments?

Answer. Iran continues its efforts to develop a nuclear weapons capability, but has made little progress to date due to the reluctance of most nuclear suppliers to provide any assistance to Iran. It also is pursuing a multi-track effort to develop both liquid and solid propellant missile systems and is aggressively seeking equipment and technology from foreign sources for these programs. Iran has made significant progress in the last few years toward its goal of becoming self-sufficient in ballistic missile production, as demonstrated by its indigenous productions of Scud missiles and the July 1998 flight test of the Shahab-3 medium-range ballistic missile.

We strongly oppose any cooperation with Iran's nuclear and missile programs, and have engaged for many years in aggressive efforts to stop the proliferation of nuclear and missile technology to Iran, including through the imposition of sanctions. During the past five years, we have worked multilaterally, through the Nuclear Suppliers Group (NSG) and the Missile Technology Control Regime (MTCR), and bilaterally through discussions with supplier governments, to restrict their missile and WMD-related exports and cut off sources of outside supply to Iran's missile and nuclear programs. We have held four rounds of talks with North Korea to convince it to restrain its missile technology exports, and we are pursuing an intensive high-level effort to impede Iranian efforts to obtain missile and nuclear technology from Russian firms. In addition, we continue to engage China in extensive nonproliferation discussions, and raised our concerns about Chinese cooperation with Iran at the highest levels. We also continue to press China to bring its export policies and practices better in line with international standards.

These efforts have produced results. Over the past year, Russia has put in place new legal authorities to control the export of any item destined for a program of proliferation concern, has stopped several activities of concern, and has investigated others, including reports of Russian firms cooperating with Iran. China has pledged not to assist unsafeguarded nuclear facilities, to phase out its nuclear cooperation with Iran, and not to export MTCR-class ground-to-ground missiles. China also has announced that it is studying the possibility of joining the MTCR and has stated that it would not sell missiles to Iran.

The Administration also uses sanctions and other tools to combat proliferation. During the past year, the USG imposed penalties on ten Russian entities. In January, the Administration imposed administrative measures against three Russian entities for their nuclear- and missile-related cooperation with Iran. Last July, we took the same action against seven Russian entities involved with Iran's ballistic missile program. And in 1992 and 1996, we imposed missile sanctions on North Korea for selling missile technology to Iran.

THE MIDDLE EAST PEACE PROCESS

Question. The State Department spokesman and others have now said on several occasions that the Palestinian Authority is in compliance with many of the commitments it entered into at Wye. What commitments are the Palestinians complying with and which ones are they not implementing?

Answer. Our position is that both Israel and the Palestinians fulfilled all their commitments required under the first phase of the Wye River Memorandum. Under phase two, the Palestinians have fulfilled many of their commitments, including the annulment of the objectionable portions of the PLO Charter and the fight against terror. The Palestinian security services have been effective in taking action against those terrorist groups. We continue to press the PA to do everything possible to prevent terror and to cooperate fully with the Israelis.

There are other commitments under phase two that they have yet to fulfill.

The Palestinians have also continued to work with the Israelis in the Anti-Incitement Committee. The Palestinians put an effective legal framework in place for the collection of illegal weapons, but more work needs to be done in this area. The U.S. agreed in the context of the Wye Memorandum to assist the Palestinians in this effort. We have consulted with Congress and are now moving ahead to deliver this assistance as quickly as possible.

We believe that renewed efforts by both sides aimed at implementing the Wye Memorandum will facilitate further progress.

Question. Have the Palestinians outlawed all organizations of a military, terrorist or violent character as required by the Wye Memorandum?

Answer. The Wye River Memorandum obligated the Palestinian side to "inform the U.S. fully of the actions it has taken to outlaw all organizations (or wings of organizations, as appropriate) of a military, terrorist or violent character . . .."

The Palestinians have provided to us a March 3, 1996 statement issued by the Palestinian Authority stating that a meeting of the Higher Palestinian National Security Council, chaired by Chairman Arafat, had decided to ban the activity of all paramilitary groups, including the armed wings of HAMAS and the Palestinian Islamic Jihad.

We have some questions regarding the legal status of this statement. We are discussing this with the Palestinians.

The Palestinian security services have been effective in taking action against those terrorist groups.

We continue to press the PA to do everything possible to prevent terror and to cooperate fully with Israel in this effort.

Question. Has the PA provided the detailed programs for implementing the work plan for fighting terrorism as agreed to at Wye?

Answer. We believe that the Palestinian security organizations are making a very serious and credible effort to combat terror. The Palestinians have shared with us security work plans.

We are asking the Palestinians to do all they can to prevent terror. We will continue to press the Palestinians to meet that standard.

Question. Are PA efforts consistent in West Bank compared with the Gaza Strip?

Answer. We believe that the Palestinian security organizations are making a very serious, systematic and credible effort to combat terror in both the West Bank and Gaza in which they operate.

We continue to press the PA to do everything possible to prevent terror and to cooperate fully with Israel in these efforts.

Question. Are arrested security offenders held the required amount of time and is this being coordinated with the U.S. as required?

Answer. The U.S. is unalterably opposed to unwarranted releases of people involved in terrorist activities. We have made this absolutely clear to the Palestinian authorities.

We explored the releases of Palestinian prisoners that took place early this year thoroughly with both the Palestinians and the Israelis. Based on everything we know, we do not believe that those released pose a threat.

Regarding some court-ordered releases that took place at the time of the Muslim religious holiday in late March, a small number caused us serious concern. We expressed those concerns to the Palestinians. The Palestinians reviewed these cases and re-arrested some of the individuals on the basis of new charges.

We are continuing to discuss with the PA the remaining cases of concern.

We will continue to follow up on this issue in a systematic way.

Question. Can you also describe Israel's status vis-à-vis Oslo and Wye?

Answer. We are asking that both parties fulfill all their obligations and implement the Wye Memorandum completely.

Both parties implemented their commitments in phase one. In phase two, the Palestinians have implemented many but not all of their commitments cited in the timeline. The Israelis have not carried out their objections in the second phase. These include: prisoners' releases, acquainting the Palestinians with areas from which Israel would redeploy, and the second stage of further redeployments.

This is a factual assessment of Wye implementation to date.

QUESTIONS FOR THE RECORD SUBMITTED BY MS. PELOSI

ASSISTANCE TO FRONT LINE STATES

Question. The Kosovo supplemental request contains about $90–$100 million to help the front line states of Romania, Bulgaria, Albania and Macedonia. In addition, $10 million in additional funds are intended to continue our assistance to the government of Montenegro. Can you comment on the rationale for helping these countries and what the funds will be used for?

Answer. The Administration has requested emergency supplemental appropriations of $100 million in Economic Support Funds (ESF) and $50 million in Support for East European Democracy (SEED) funds for the so-called "front-line" states—Albania, Bosnia, Bulgaria, Croatia, Romania, Macedonia, and the government of Montenegro.

The Kosovo crisis has generated severe political, economic and social strains in the neighboring states. Politically, reform-minded governments are under attack, particularly in neighboring countries with religious or ethnic ties to Serbia, as nationalist leaders exploit ethnic divisions to gain support. Socially, community-level pressures from massive influxes of refugees are also fraying social safety nets and straining local infrastructure beyond capacity.

An April World Bank and IMF assessment of the economic consequences of the Kosovo crisis estimated lost export earnings, trade diversion, weaker capital accounts, and potentially higher debt service costs will cause balance of payments deficits in Southeast Europe of $1.5 billion in 1999. This is in addition to an estimated overall humanitarian cost in 1999 of $300 million related to assisting refugees.

SEED monies would address the political, economic and social consequences of the conflict. For example, programs would increase public security by training law enforcement officers; fight corruption and crime that preys on refugee populations; promote political participation by all ethnic groups; improve responsiveness of local governments; provide financial advice to governments as they cope with economic stress created by the emergency; help create conditions for the return of foreign investment; and support labor redeployment programs to ease high levels of unemployment.

ESF funds would be used to cover balance of payments financing gaps in the purchase of imports, or would be given as budgetary support to the Ministry of Finance for government purchases. USAID would oversee and audit the program. The World Bank, IMF, EU, and other major donors will contribute the majority of funds to cover the financing gap of these countries (except for Montenergro, which is not eligible for World Bank/IMF funding); the U.S. contribution is under ten percent.

SUPPORT FOR FRONT LINE STATES

Question. The IMF and the World Bank are apparently working on a financial package for these countries. Can you comment on the elements of this plan?

Answer. The Fund and the Bank are collaborating closely with other international financial institutions, the donor community, and the affected countries to refine the estimates of regional and country specific financing needs and to assess the availability of external financing. The World Bank and the European Union have agreed to lead a task force to undertake needs assessment, formulate economic development strategies and coordinate the international donor process in the affected states.

The IMF and World Bank produced preliminary balance of payments and budgetary gaps generated by the effects of the conflict, as well as an assessment of the humanitarian cost. Donors group meetings have been held for Bulgaria (April 21) and FYROM (May 5) to address the financing gap identified by the Bank/Fund paper; meetings are planned for Albania (May 25) and Bosnia-Herzegovina (May 20–21).

While all humanitarian relief costs should be financed by external aid and grants, other financing needs arising from the crisis should be met from both bilateral and multilateral sources, and the international financial institutions (IFIs) should play an important role in this effort. The IFIs ought to take the lead in meeting emergency BOP/budgetary financing gaps, through expanding financing under existing country programs and through adapting emergency mechanisms. External financing of BOP and budget costs in surrounding countries that are ESAF eligible should be provided on concessional terms.

Specific information about Bank/Fund programs, which is subject to change, follows:

Albania: The IMF believes that Albania is sufficiently on track with its three-year Enhanced Structural Adjustment Facility to go ahead with the second disbursement under the $47 million program, although an increase of up to 25% in reaction to Kosovo is contemplated. The World Bank is planning $95 million in lending, of which $30 million has been approved, plus a $1 million grant.

Bosnia: The Bank plans $94 million in new lending, if the IMF completes a successful Stand-by review. A donors conference is scheduled for May 20–21.

Bulgaria: The IMF is considering an augmentation of Bulgaria's existing Extended Fund Facility, but no decision has been made. The World Bank will increase and accelerate existing lending, for a total of $175 million in adjustment lending this year.

FYROM: The May 5 donors meeting resulted in pledges totaling $252 million towards an estimated financing gap of $400 million; donors have promised additional funds to meet the total need. The Bank plans $50 million in new lending, while the Fund expects to conclude a $32.6 million Stand-by Credit shortly.

Question. What role can or should international banks play in the reconstruction of Kosovo in the context of an independent or UN protectorate status?

Answer. It is premature to define a role for the international banks in a post-conflict Kosovo. Much depends on the political arrangements made for Kosovo and with the FRY. In a post-conflict Kosovo, the IFIs could play a role in structural reform and macroeconomics stabilization. Although every situation is unique, designers of any program would undoubtedly draw on ideas and lessons learned in similar economic assistance efforts in Bosnia and the West Bank/Gaza.

KOSOVO

Question. I want to first concentrate on the plight of refugees in Kosovo. As the situation with the 500,000 refugees who have left Kosovo stabilizes in surrounding areas, we have reports of over 700,000 refugees left homeless without any visible means of support. What options are being considered to get assistance to these people? New reports indicate that airdrops and use of Greek non-governmental organizations has been considered.

Answer. We are extremely concerned about the fate and conditions of internally displaced persons (IDPs) in Kosovo. Various sources estimates that there could be up to 700,000 IDPs in Kosovo, all of whom have been cut off from international food assistance since Belgrade began its most recent oppression.

The International Committee for the Red Cross (ICRC) is working with the Government in Belgrade to develop an operational plan to distribute food and relief supplies to the displaced Kosovars still in Kosovo. The Greek government has been providing relief supplies across the border through the use of Greek NGOs. We, of course, support any efforts along these lines. Commercial airdrops are an option that is being explored along with other means to reach IDPs. It is estimated that

airdrops could begin as soon as two weeks after a decision to implement them has been made.

Our efforts on this front will not change our political or military objectives in Kosovo. We reject any such proposal that calls for an extended pause in NATO's operations.

The ultimate responsibility for the situation faced by these IDPs rests solely with Slobodan Milosevic, and he knows what he must do.

Question. UNHCR has recently decided to concentrate on caring for the refugees in the region rather than moving them outside the region. This will mean a continued heavy burden on Albania particularly. Can you comment on the flow of refugees from Kosovo, the situation in Albania, and the extent to which Macedonia is cooperating with international efforts to care for refugees?

Answer. UNHCR is currently supporting efforts to move refugees out of the region. Since early April, 44,500 refugees have been evacuated from Macedonia for third countries. UNHCR has received offers for 135,000 places in 39 countries.

There are currently over 230,000 refugees on Macedonia and 430,000 refugees in Albania, as well as 64,000 internally displaced persons in Montenegro. We appreciate the efforts of the governments of Albania and Macedonia in taking in refugees and the efforts of the government of Montenegro in taking in internally displaced persons from Kosovo.

Relatively early in the present crisis, Macedonia did close its border with Kosovo intermittently. After hearing the concerns of the U.S. and others, however, Skopje reopened the border and has kept it open.

Macedonian police violated the 1951 Convention on Refugees on one occasion by sending refugees involuntarily to Albania. Following our protests, that did not recur. In general, we believe the government is making a good-faith effort to respond to this crisis.

We know from refugee accounts that the Serbs have, in the past, told passengers on trains that were turned back that the Macedonians had closed the border, even when that was not true.

KOSOVO: POLICE TRAINING

Question. Separate camps have apparently been set up in Albania for the KLA. The administration's request will contain about $30 million to begin training a new police force for Kosovo. Can you comment on what our policy will be towards helping the KLA and how you intend to recruit and train a new police force for Kosovo?

Answer. No international refugee camps have been set up specifically for the KLA.

A local civilian police force is a fundamental element in a solution to the situation in Kosovo. We want to speed development of such a force, and limit the time the international community will have responsibility for public security in Kosovo. We are considering identification and training of police from the general populations of the Kosovar refugee camps. An international team of police experts is currently in the camps assessing: the feasibility of such a program; the best means for pursuing it; the process for identifying candidates; possible training sites within the region.

REFUGEE CHILDREN

Question. Madam Secretary, yesterday's Washington Post has a front-page article on the plight of refugee children in Kosovo. The Foreign Operations Committee has recommended special funding for vulnerable refugee children especially those that are separated from their parents. Could you give us the status of that program?

Answer. The Administration is pleased to have strong Congressional support for promoting greater attention to the special needs of refugee children.

The U.S. has taken a leadership role in promoting attention to refugee children and their protection and will continue to do so. Our Bureau of Population, Refugees, and Migration works closely with international and non-governmental organizations to ensure that programs are designed to recognize and meet the special needs of refugee children, including those responding to the crisis in Kosovo.

We are providing funding for NGOs, such as the American Refugee Committee, the International Rescue Committee, and the Save the Children Alliance which are focusing much of their efforts on providing health care and psycho-social counseling for children in Macedonia and Albania. We are also providing funding to UNICEF as well as to UNHCR which has the lead responsibility for the protection of children.

Last year, we contributed over $7 million towards specific programs for children throughout the world. Activities included the promotion of girls education, the rehabilitation of child soldiers, assistance to and tracing for unaccompanied children,

open education and training for adolescents. Of particular note is the Liberian Children's Initiative, a groundbreaking cooperative effort by UNHCR and UNICEF to focus on children in post-conflict Liberia.

It is important to add that all our funding for refugee protection and assistance helps refugee children either directly or indirectly.

We are presently working with UNHCR, UNICEF and interested NGOs on their funding priorities for 1999. We anticipate funding specific projects for refugee children at a level similar or higher to that of last year. We will also continue to encourage UNHCR's efforts to mainstream its programming for women and children by working closely with the organization, by providing targeted funding, and by raising this as a priority in the organization's governing bodies.

Question. The Committee is also concerned that UNHCR is changing the emphasis on children and women's issues by reorganizing and downgrading the positions of children and women's coordinators. Has the Department of State taken a position that indicates the importance of these positions and these issues?

Answer. I share your concern that UNHCR maintain the positions of Children's and Women's Coordinators at a senior level with direct access to the most senior management of UNHCR. Assistant Secretary Taft has raised this matter directly with Mrs. Ogata. We understand that the decision has now been made that the Coordinators should retain their visibility and remain in the Office of the Director of Operational Support and report to her directly. We are pleased with this decision and will continue to follow this matter closely.

The Department of State has worked hard over the past years to ensure that the needs of women and children are fully incorporated into every policy and program of UNHCR. While there has been progress and while we share UNHCR's desire to see these policy objectives further put into place at the field level, we have said repeatedly that this is not the time to eliminate the visibility and focus that the Coordinators provide.

We further believe it is imperative that the leadership of UNHCR continues to take direct responsibility for ensuring that the challenge facing refugee women and refugee children are central to UNHCR's programming.

KOSOVO—FY 2000 COSTS

Question. The anticipated supplemental request will address only the FY 1999 costs for Kosovo and contains little or no funding for reconstruction. While it may be premature to ask about FY 2000 reconstruction budgets, I would ask what role will the U.S. play in ongoing refugee care and reconstruction, and what financial role do you expect that European allies to play?

Answer. There will be a major international effort to rebuild Kosovo so that people can return to their homes once conditions permit.

The EU has already agreed to assume leadership in coordinating international reconstruction assistance in Kosovo once a settlement is secured.

While we expect our European allies and partners to contribute the bulk of the resources towards this effort, the U.S. should pay its fair share. Returning refugees to their normal lives will not be possible until reconstruction is well underway. A rapid response requires a prominent U.S. role given our special experience in working with local groups, since bringing to bear our expertise in such disciplines as strengthening civil society will be critical. Above all, we must do our fair share if we expect our European allies to continue to play an important role in reconstruction in the Western Hemisphere, as they are in Central America following Hurricane Mitch.

Because the FRY is not a member of the World Bank or IMF, their resources will not be available for the most part for this effort.

UN ARREARS

The effort to obtain Congressional approval of the $1 billion the U.S. owes to the UN has been underway for two years now. In that time the U.S. has lost the opportunity to secure reductions in the assessments for both general dues and for peacekeeping operations. Thus the arbitrary linkage put in place by the Republican leadership to Mexico City has already cost the American taxpayer over $100 million and the amount grows every day.

Question. The delay has also cost the U.S. in terms of lost leadership positions the lost influence within the institution. Madam Secretary, I would appreciate your comments on the need for Congressional action on UN arrears and on what the delay has cost the U.S.

Answer. We are eager to pay the outstanding U.S. arrears to the United Nations, and urge the Congress to approve our request to meet this obligation this year. We

must—as the President proposes in his budget—pay our bills. This delay in paying our arrears is not just a question of dollars and cents, it is a matter of honor, of keeping our word. It is also a question of national interest. We will be far more influential—and far better able to spur further reforms—within the UN system and other international organizations if we are meeting our obligations to them.

The delay in paying our arrears costs us in many different ways. One is financial: We lost the opportunity to reduce our annual UN assessments during negotiations in 1997. We have another chance next year, but cannot succeed in lowering our assessment rate until arrears funding lost is on the table. After these rates are lowered, the amount we are assessed for the UN, peacekeeping, and three major UN specialized agencies will be reduced by over $100 million per year.

There are also other "costs." Our negotiations in all reform areas are set back by the arrears. We lost a seat on the UN's key budget committee. Many argue that we are not trying to improve the UN, but simply save ourselves money. This gives our opponents a cheap point on virtually every substantive and financial issue.

The Administration remains dedicated to meeting our international commitments. The U.S. needs to be viewed as a reliable partner in multilateral fora. Only by paying our arrears will we demonstrate our commitment to the UN and other international organizations which serve as invaluable tools in conducting our foreign policy.

MILITARY TRAINING

Question. The subcommittee held a separate hearing on military training based upon an extensive report on DoD foreign military training activity. Specifically Madame Secretary the report detailed numerous deployments of U.S. troops for Joint Combined Exercise and Training (JCET). There currently is no mechanism for the DoD or State Department to consult with Congress prior to deciding upon JCET deployments. There have been several controversial deployments to Colombia and Indonesia in particular, from which Congress has been excluded from consultation. What in your view is the appropriate role for the Congress in making policy decisions about JCET deployments, and how and when should we be consulted?

Answer. Joint Combined Exchanges for Training (JCETs) are operational deployments authorized by legislation and are activities under the operational control of the Unified Commands.

We are sensitive to Congressional interest in, and concerns about, such activities, as evidenced in the application of a similar Leahy amendment provision regarding human rights to DoD-funded training.

DoD and the State Department have strengthened procedures for human rights review of all JCETs. As part of the planning process, the Unified Commands, our embassies, and the Department review all proposed JCETs. There has been a further refinement of review procedures due to implementation of section 568 of the FY99 Foreign Operations Appropriation Act and section 8130 of DoD's FY99 Appropriations.

We believe these procedures provide adequate policy review and oversight, in accordance with Congressional guidance. We further believe these procedures will ensure that JCETs are conducted consistent with US policy objectives and Congressional human rights concerns.

CENTRAL AMERICA DISASTER

Question. Madame Secretary the President requested the Central America supplemental in February with the hope that Congress would act expeditiously. It is now mid-April and the rainy season begins in the region in May. Can you indicate for us the impact of the absence of Congressional approval for this funding?

Answer. We are very pleased that the Central America Supplemental Budget Request has now been approved and programs can be implemented to help the region recover from the devastation of Hurricane Mitch. While it is difficult to specifically quantify the impact of the delay in approving the Supplemental, clearly, the delay has prolonged the hardships of those hit hardest by the hurricane. For instance, thousands of people have had to cope for two or three additional months with unclean water, no access to health services, poor or non-existent roads, temporary housing and other difficult conditions. With the Supplemental Budget Request approved, the United States Agency for International Development will quickly implement programs to mitigate these hardships and help the Governments of Honduras, Nicaragua, El Salvador and Guatemala reclaim agricultural lands, more effectively manage the watershed and ensure transparency in the reconstruction process.

Question. Can you further delineate what the impacts of a month's delay on the Central America supplemental would be?

Answer. Again, the delay in funding the recovery of Central America prolonged the hardships of those hit hardest by the hurricane. The delay has also pushed implementation of programs into the rainy season and, as the rains increase, this will complicate and delay implementation of the programs.

RUSSIA/KOSOVO PEACEKEEPING

Question. Do you feel there is an appropriate role for Russia to play, and under what circumstances should it take place?

Answer. We are actively engaged with the Russians in an attempt to find a diplomatic solution to the situation in Kosovo based on the principles set forth by the G–8. One of those principles calls for deployment of an effective international civil and security presence, endorsed and adopted by the UN and capable of guaranteeing the achievement of the common objectives. We would welcome Russian participation in such a security presence.

CHINA

Question. What is the status of U.S. efforts to obtain the support of other countries on the UN Human Rights Commission for the resolution condemning China's human rights abuses?

Answer. On April 16, we tabled a resolution on China's human rights record at the UN Human Rights Commission in Geneva. Poland subsequently joined the United States as a co-sponsor. On April 23, when the resolution was scheduled to come to the floor for a vote, the Chinese delegation introduced a no-action motion which carried by a vote of 22 (PRC), 17 (U.S.), 14 (abstain), effectively cutting off formal debate on the resolution.

The Administration had mounted an aggressive lobbying effort with many high-level interventions to broaden support for the resolution and counter the anticipated no-action motion. Although we were able to narrow the margin of the loss on the no-action motion as compared to 1997 when we last supported a resolution, we were very disappointed by the final outcome. We believe the resolution should have been debated on its merits.

Question. As I mentioned in my opening statement, as Zhu Rongji was here in the U.S., Chinese Public Security Bureau officials visited Bao Tong, a former high ranking government official and supporter of democratic reforms, to warn him that his recent letter calling for a reversal of the Tiananmen Square verdict "endangered state security." This warning is a serious one as "endangering state security" has been used against many critics of the Chinese government. Have you or anyone in this Administration raised concern about Bao Tong with Zhu Rongji or other high ranking officials travelling with him?

Answer. We raised Bao Tong's case with officials in Premier Zhu's party on April 14, in response to reports that Bao Tong had received a warning that his letter calling for a reversal of the Tiananmen Square verdict "endangered state security." We also conveyed our concerns to the Chinese government in Beijing and here in Washington on April 15.

We will continue to urge China to respect fundamental human rights such as the freedom to peacefully express political views.

MIDDLE EAST

Question. Israel is the only country in the United Nations that is denied access to a regional grouping—the mechanism by which U.N. member states are chosen to sit on powerful committees, including the Security Council. What is holding up Israel's efforts to gain admittance to the Western Europe and Others Groups?

What are we doing to correct this situation?

Answer. The United States has worked hard to end this anomaly by pressing for Israel's inclusion in the Western European and Others Group (WEOG) at the United Nations. The members of the European Union continue to oppose the inclusion of Israel in WEOG. This unified EU position effectively precludes Israel's admittance by eliminating the possibility of a WEOG vote in favor of Israel's candidacy. The EU bases its opposition to Israel's candidacy on the view that Israel's actions, including ongoing settlement activity, are responsible for the lack of progress in the Middle East peace process.

Representatives of the United States Government have made numerous interventions to support Israel's efforts to gain admission to WEOG. These efforts were undertaken primarily in New York by members of the U.S. Mission to the United Nations supported by approaches in Washington, to the EU Troika in Brussels, and in other capitals. To date, these efforts have not been successful. Recognizing the

importance of the regional groups to effective participation in United Nations activities, the Administration will continue its efforts in support of Israel's admittance to WEOG.

Specific interventions in support of Israel's candidacy include:

In July 1997, the U.S. Permanent Representative to the UN met with two Members of Congress to outline the positions of other UN members regarding Israel's admittance to the WEOG and to discuss the Mission's plans to support Israel's efforts.

In October 1997, the U.S. Deputy Representative to the Economic and Social Council (ECOSOC) addressed WEOG to encourage Israel's admission as a temporary member, emphasizing the strong U.S. support for Israel's admittance.

In November 1997, the U.S. Permanent Representative made a formal statement to the WEOG regarding Israel's discriminatory treatment in the UN and urged the WEOG members to admit Israel as a temporary member to help address that problem.

In January 1998, the U.S. Permanent Representative and two other Ambassadorial rank officials met with the European Union (EU) Troika to press the EU to support Israel's admittance to the WEOG as a temporary member.

In May 1998, U.S. officials (in both New York and Geneva) expressed strong support for Israel's admittance to group B of the World Intellectual Property Organization (WIPO). The representatives also used this forum to press for Israel's full participation in all international organizations of which it is a member, including the regional groups in the UN General Assembly.

Also in May 1998, the U.S. Mission to the UN arranged a meeting between Members of Congress and representatives of the EU Troika to address the issue of Israel's temporary membership in WEOG.

In October 1998, the U.S. Deputy Permanent Representative met with EU permanent and deputy permanent representatives to encourage them to support Israel's temporary membership in the WEOG. The Deputy Permanent Representative argued that Israel's admittance was long overdue, particularly given positive developments in the Middle East peace process.

BUDGET CAPS

Question. If the huge cuts mentioned in the Budget Resolution for international affairs are translated into a corresponding low 302(b) allocation for this subcommittee, foreign affairs spending will be devastated. Madame Secretary, I would appreciate your comments on the effects that a cut of $2 to $3 billion below last years' level of foreign operations spending will have on our national security. (This level of reduction is actually less than the amount of $4 to $5 billion cut in the Budget Resolution). In my view no region of the world would be exempt from cuts with this level of reduction. While the additional dollars needed in Defense to resolve worldwide conflicts will undoubtedly be provided, there will be little or nothing to pick up the pieces and reconstruct countries devastated by war and natural disasters.

Answer. While the Senate's allocation level is about $2 billion below the President's request, I understand that and your Committee's 302(b) allocation is $4.2 billion below the President's request. This unrealistically low allocation level coupled with associated outlay (spending) reductions would put a straightjacket around American leadership and gravely imperil U.S. interests around the world.

For example, under the Committee's allocation, we could cover our commitments to the Middle East Peace Process and spending related to programs initiated in previous years. However, it would necessitate significant reductions in, or elimination of, most other programs funded in the bill. We would need to: begin to shut down USAID and the Peace Corps in many parts of the world; cut off most aid to Eastern and Central Europe, the NIS, Asia, Africa and Latin America; end most of our counter-narcotics and counter-terrorism programs; and cease voluntary contributions to organizations like UNICEF.

Given the scope of our interests, the range of threats to our security, and America's role as a champion of freedom and defender of human rights, we must have sufficient resources for the implementation of our foreign policy.

In the weeks and months to come, I hope to work closely with you and members of the Committee to assure adequate funding levels for international affairs. I must emphatically state that the current allocations will cripple, perhaps irreparably, our prestige, credibility, and influence at the very moment that U.S. leadership is looked for by our allies and questioned by our foes.

QUESTIONS FOR THE RECORD SUBMITTED BY MS. LOWEY

FAMILY PLANNING

Question. I would like you to comment on our international family planning programs. Access to family planning services is the most effective way to prevent abortion. Yet, some of my colleagues have difficulty distinguishing between supporting funding for critical family planning services and supporting abortion. Could you clarify for us current law regarding the use of federal funds for abortion? And can you explain the effect that these family planning services have on the incidence of abortion around the world?

Answer. Current law prohibits use of U.S. foreign assistance funds to pay for the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortions.

Support for family planning services, which reduce unintended pregnancies, is essential to reducing abortions. For example, family planning programs in Russia and Central Asia, supported by the U.S. Agency for International Development (USAID) and other donors, have resulted in a dramatic decline in the incidence of abortion in the 1990's. In Russia, abortion rates have declined more than one-third during this period.

A 1998 study of the replacement of abortion by contraception in three Central Asian countries—Kazakhstan, Uzbekistan, and the Kyrgyz Republic—found that the use of contraception increased by one-third to one-half between 1991 and 1996. During that same period, abortion rates declined by as much as one half.

A comparative study of Colombia and Mexico, countries where USAID was a major donor in family planning, found that large increases in contraceptive use in urban areas in the 1970s and 1980s were accompanied by declines of 40 percent or more in abortion rates.

Question. I want to commend you for including $25 million for the United Nations Population Fund in your budget request. As you know, about 50% of UNFPA's assistance is devoted to maternal and child health programs, including the provision of family planning services. UNFPA is a major supplier of modern contraceptive methods and it is engaged in the fight to stop the spread of AIDS and other sexually-transmitted diseases. Could you comment on the impact that our lack of funding for UNFPA in FY99 has had on the organization and the United States' influence within the organization?

Answer. The zeroing out of U.S. funding in FY99 is a significant loss for UNFPA, which works with a small annual budget ($309 million in 1998). UNFPA already has fully designed projects in almost 50 of its program countries that it cannot execute without additional funds.

UNFPA estimates that a $20 million loss of funds will result in program cutbacks that deprive 870,000 women of effective contraception. They are likely to experience a half-million unwanted pregnancies (200,000 of which will be aborted), 1200 maternal and 22,500 infant deaths, and 15,000 life-threatening illnesses and injuries during pregnancy and childbirth.

Lack of U.S. funding also hurts UNFPA's efforts to curtail the spread of sexually transmitted diseases including HIV/AIDS, limits its work against the practice of female genital mutilation, and damages its programs aimed at supporting better health, equal access to health and education for women, and economic security.

Our extensive bilateral experience in international population assistance gives the U.S. a respected voice on UNFPA program issues. However, our ability to influence key budgetary and management issues within UNFPA is endangered by the absence of a U.S. contribution to the organization.

UNITED NATIONS

Question. As you know, funding for our arrears to the United Nations is not within the jurisdiction of this Subcommittee. But since we have you here today, I feel obligated to mention the terrible situation of our debt to the UN. I believe it is outrageous and embarrassing that the United States—the wealthiest country in the world—is the biggest deadbeat at the UN. The U.S. has a tremendous amount of influence within the UN, but that level of influence is decreasing with every day that we don't pay our arrears. In fact, as you know very well, at the end of this year we face the unimaginable prospect of losing our vote in the General Assembly under the requirements of Article 19. Few people in the U.S. government are more qualified than you to talk about what our debt to the UN has done to our ability to lead in that organization. Can you comment on this matter?

Answer. The U.S. must pay its debts to the United Nations. Until we do, our negotiations in all areas are set back by the U.S. arrears to the United Nations.

The U.S. has important interests in the work that the UN and other international organizations do. These include our security interests in UN peacekeeping in Lebanon, Cyprus, and elsewhere, and in multilateral sanctions against Iraq; our economic interest in the protection of intellectual property rights and fair worker standards; and our humanitarian interest in feeding children, fighting disease, and caring for the world's refugees.

Our ongoing arrears undermine our leadership at the UN, often precisely in those areas where we are trying to institute improvements. Our negotiations in all reform areas are set back by the arrears. We lost a seat on the UN's key budget committee. Many argue that we are not trying to improve the UN, but simply save ourselves money. This gives our opponents a cheap point on virtually every substantive and financial issue.

We must not hazard losing our vote in the General Assembly due to the arrears. We would lose our ability to shape Assembly decisions on such matters as the UN budget, the selection of Security Council members, and ensuring a fair deal for U.S. business in UN procurement. We would be less able to advance our interests in the UN's major policy-setting bodies and face greater resistance to the selection of our candidates for UN posts. We would have less credibility as a proponent of UN reform, and the steady barrage of criticism we already receive for our failure to meet UN obligations would become an avalanche.

This does not have to be, and we hope it will not be. We remain determined to persuade Congress to make the payments we owe. The success of the United Nations matters greatly to the United States.

IRAN

Question. The State Department report I read from earlier also talks about Iran's continued support of terrorism. It states, "Iran continues to support terrorist groups that use violence to oppose the Middle East peace process." The report also accuses Iran of using its diplomatic facilities to plan and facilitate activities. Does Iran still provide support to Hamas, Hezbollah, and Islamic Jihad? If Iran is successful in gaining nuclear, chemical, and biological weapons, it could change the face of modern terrorism. Is it possible that Iran will use these weapons in terrorist attacks? What are we doing to stop them?

Answer. As stated in the recently released State Department report 1998 Patterns of Global Terrorism, Iran continues to furnish assistance to Hamas, Hizballah, Islamic Jihad, and other groups in the form of money, weapons, munitions, and training.

Iran is also continuing its efforts to develop a nuclear weapons capability, but we believe the reluctance of most nuclear suppliers to provide assistance to Tehran has impeded these efforts. Iran is also pursuing its indigenous chemical and biological weapons production capabilities. We vigorously oppose Iran's efforts to acquire weapons of mass destruction and are using every means at our disposal, including sanctions and diplomatic pressure, to stop other governments from assisting Tehran.

Question. On the question of Iran's acquisition of advanced weapons technology, I remain concerned about Russian proliferation of ballistic missile technology to Iran. I commend you for the aggressive role the Administration has played in pressuring the Russian government to combat the transfer of ballistic missile technology to Iran. Can you update us on the status of U.S. efforts—and the Russian response—on this matter?

Answer. Despite the Russian government's nonproliferation and export control efforts, Russian entities continue to cooperate with Iran's ballistic missile program, and to engage in nuclear cooperation with Iran beyond the Bushehr reactor project. Although we had seen some improvement in Russia's efforts to crack down on such activities during the first half of 1998, we have seen backsliding since then.

During the past year, the USG imposed penalties on ten Russian entities. In January, the Administration used existing authority to impose administrative measures against three Russian entities for their nuclear- and missile-related cooperation with Iran. Last July, we took the same action against seven Russian entities involved with Iran's ballistic missile program.

In addition, we are continuing our longstanding, broad, and intensive efforts to stop proliferation. We and our allies continue to press the Russian government to end cooperation between Russian firms and the Iranian missile and nuclear programs and to bolster its export control and enforcement capabilities.

As part of this effort, U.S. and Russian experts in the past two months have developed an action plan to address some of our most pressing missile proliferation

concerns, including development on a priority basis of internal compliance offices at several Russian entities. We have developed a similar plan for the nuclear area that also includes enhanced export control measures. U.S. and Russian experts met in late April to begin implementation of these plans.

EAST TIMOR

Question. The negotiations between Indonesia and Portugal over the political status of East Timor have made tremendous progress in recent months. I (Rep. Lowey) am hopeful that these talks, when completed, will result in a framework for East Timorese independence. But I remain concerned about ensuring a peaceful transition process that protects human rights and democratic principles in East Timor. I strongly urge the Administration to make it very clear to the parties to the negotiations and East Timores leaders that the United States stands ready and willing to assist in this transition. To ensure a successful and peaceful transition to an independent and democratic East Timor, the United States must be ready to offer bilateral political and economic assistance to East Timor and Indonesia. We must also support United Nations and international community efforts to encourage a careful and measured transition that avoids creating a power vacuum in East Timor, which would almost certainly lead to bloodshed. In the next several days, I will be sending President Clinton a letter—signed by 55 of my colleagues—asking him to make our support for this transition process clear. Would you like to comment on this matter?

Answer. We share your concerns. The U.S. welcomed the formal signing on May 5 in New York of a U.N.-mediated agreement between Indonesia and Portugal on East Timor. We have strongly supported these negotiations and believe that the agreement to have the U.N. conduct an August 8 ballot by East Timorese on an Indonesian autonomy proposal is the best approach to achieving a peaceful resolution of East Timor's status.

President Habibie has said that, if the East Timorese reject autonomy, he will recommend that the Indonesian People's Consultative Assembly (MPR), the nation's highest legislative body, revoke its annexation decree and allow East Timor to separate for Indonesia. We strongly support a peaceful transition in East Timor, whether the people choose autonomy or independence.

We also are deeply concerned over continuing violent activities of civilian militiamen who seek to bias the August 8 vote through terror and intimidation. President Clinton has written President Habibie about the militia situation. I and other senior U.S. officials have discussed the matter with Indonesian government and military authorities and will continue to do so. We believe it essential that the Government of Indonesia take immediate steps to ensure overall security for all in East Timor, to protect U.N. personnel, and to create an atmosphere in which the vote can be fair, peaceful and free of intimidation, consistent with its agreements.

We are finalizing details of our voluntary contribution to support the U.N. mission in East Timor. We appreciate efforts in Congress to provide new money for this purpose. We are working closely with other interested states to ensure that the U.N. has the financial means and diplomatic support to make its effort a success.

MIDDLE EAST

Question. Last year, then Israeli Finance Minister Ne'eman—encouraged by Chairman Callahan—developed a plan to restructure U.S. foreign assistance to Israel over the next decade. This plan gradually eliminates U.S. economic assistance to Israel over ten years, while bolstering security assistance to Israel. Under the plan, Israel should receive $960 million in Economic Support Funds and $1.92 billion in Foreign Military Financing in FY 2000. While the Administration's request for Israeli FMF was at the agreed upon level—for which I commend you—the ESF request was $30 million less than the Ne' eman plan called for. Can you explain this disparity?

Answer. We continue to discuss with the Israeli Government the future reductions in U.S. economic assistance to Israel.

In late January 1998, Israeli Finance Minister Yaacov Ne'eman began discussions with Members of Congress and Administration officials on a proposal that would gradually reduce Israel's annual $1.2 billion economic assistance to zero, while phasing in a $600 million increase in military assistance over the same period. We welcomed the Israeli government's initiative and have been working closely with Israel and the Congress to further develop the concept.

While we agreed that it was time to adjust the level of assistance, negotiations continue on the exact funding levels for each year. The key elements, a gradual ten-year reduction in ESF combined with a steady increase in FMF, however, remain

the same. Discussions continue between the Administration and the Government of Israel on this proposal.

Question. Can you update us on the peace process in the Middle East? Specifically, I'd like to know the status of the security cooperation between Israel and the Palestinian Authority? In the past, PA cooperation with Israeli officials in the fight against terrorism has been somewhat inconsistent and uneven. Has the situation improved at all?

Answer. We believe the Palestinian security organizations are making a very serious and credible effort to combat terror.

For example, acting on information developed through their own investigations, PA security forces have been prevented a number of terror operations, including what could have been a very serious attack in Tel Aviv in March. The Israeli government commended this PA security operation and others.

Our standard is that the Palestinians must do everything they can to prevent terror, both unilaterally and in cooperation with Israel.

We will continue to insist that the Palestinians meet that standard.

RUSSIA/ISRAEL

Question. I want to thank you for the Administration's continued strong support of the program to resettle Jewish refugees in Israel from the former Soviet Union, Ethiopia, and other nations. The FY 2000 request of $60 million, which Congress suggested in the FY99 Foreign Operations Report, will ensure the continued success of this critical program. I am concerned about recent reports of increased anti-Semitism in Russia. Could you comment on the situation there and how it might affect the number of Jews emigrating from Russia to Israel?

Answer. President Clinton and I share your concern about the increased anti-Semitism in Russia. Anti-Semitism is unacceptable and damages Russia's reputation. We have made senior Russian officials aware of our views, and this issue figures prominently in our bilateral agenda. When I was in Moscow in January, I raised this issue many times in both public and private meetings.

Anti-Semitism, racism and extremism must be opposed firmly and with vigilance. In this connection, we commend the resolute statements of President Yeltsin and his government condemning anti-Semitism and other expressions of ethnic or religious hatred. Unfortunately, weaknesses in Russia's law enforcement capability have made it more difficult to combat anti-Semitism.

As for Jewish emigration, it is difficult to predict how anti-Semitism might affect the number of Jews emigrating from Russia to Israel. However, the Department of State continues to monitor the situation closely, and to seek opportunities to promote tolerance in Russia.

MIDDLE EAST

Question. Last year, you expressed the hope that the U.S. could begin the process of improving its relationship with Iran. We had reason to hope that Iranian President Khatemi would take a more conciliatory approach to bilateral relations between our two countries. Unfortunately, Iran's actions in the last year have suggested that it's business as usual there. In fact, the State Department reported last month that "Iran continues to pursue policies that threaten the interest of the U.S.," and "Iran continues its drive to acquire [weapons of mass destruction] and recently tested a medium-range ballistic missile capable of hitting our allies and U.S. forces abroad." When we compare President Khatemi's comments last year with Iran's actions since then, something is not right. Can you comment? Is President Khatemi actually in charge in Iran, or does he follow marching orders from the more extreme clerical leaders in the country?

Answer. While President Khatemi has undertaken a reform agenda domestically in Iran that has seen some success, we have not observed similar changes in those policies of greatest concern to us. We continue to be concerned about Iranian support for terrorism, opposition to the Middle East Peace Process, development of weapons of mass destruction and their delivery systems and Iran's human rights record.

President Khatami exercises authority over much of the Iranian government, but is outranked by Supreme Leader Khamanei on issues involving the Iranian armed forces, the Revolutionary Guards, the Judiciary and the Ministry of Intelligence. In addition, powerful foundations called "bonyads," which control the holdings of the former Shah and figures associated with his regime, report directly to the Supreme Leader, and not President Khatami. The bonyads exercise a significant impact on Iranian economic activity.

Khatami's election two years ago alarmed conservative elements in Iran. As Khatami has pressed for change in both domestic and foreign affairs, these conservatives have resisted. The outcome of this struggle will depend in great part on the evolving power relationships among Khatami, Supreme Leader Khamanei and Expediency Head (and ex-president) Rafsanjani.

The Iranian public apparently supports Khatami and his agenda of promoting the rule of law, reducing government intrusion into people's lives, and increasing freedom of expression.

QUESTIONS FOR THE RECORD SUBMITTED BY MS. KILPATRICK

Kosovo

Question. Could you explain President Clinton's designation of the airspace above and the water's adjacent to the FRY and Albania as combat zones in his April 1999 Executive Order?

Answer. Pursuant to section 112 of title 26, U.S. Code, a member of the Armed Force of the United States may exclude from gross income compensation received (subject to a dollar limit for commissioned officers) for active service for any month during any part of which is served in an area that has been designated by the President as a combat zone for purposes of this section. Executive Order 13119 (April 13, 1999) was issued to allow service members to benefit from this income tax benefit.

Question. Has the Administration asked the government of Yugoslavia to consider the three captured Marines as prisoners of war and therefore treat them according to the Geneva Convention? If so, wouldn't this suggest that they were involved in a war? Are we in fact at war with the government of Yugoslavia? Since the Constitution says that only Congress can declare war, why has it not been asked to declare war?

Answer. We believes that the three captured servicemembers were entitled to the protections accorded by the Geneva Convention of 1949 as prisoners of war. Their status does not suggest that we are "at war." Indeed, the Geneva Conventions apply to all armed conflicts, and bind all parties to such conflicts, regardless whether the conflicts are labeled as wars. We do not consider ourselves to be "at war" with Yugoslavia or its people. NATO is acting to deter unlawful violence in Kosovo that endangers the stability of the Balkans and threatens a wider conflict in Europe.

We believe that a Congressional declaration of war would be unnecessary and unwise. As you know, the House of Representatives rejected a resolution to declare war on April 28, 1999. A declaration of war could have serious negative effects on NATO cohesion, regional stability, and relations with Russia. The President has taken his actions pursuant to his broad Constitution authority as Commander-in-Chief and Chief Executive and to conduct the foreign relations of the United States. The President has taken into account the views of Congress. He has complied with the Roberts Amendment by consulting with and reporting to Congress prior to deploying additional ground forces to the region, and, consistent with the War Powers Resolution, he has kept Congress informed concerning deployments of U.S. forces to the region.

Question. The American naval base at Guantanamo Bay in Cuba has been criticized by some refugee groups as more like a prison than the "safehaven" described by the Clinton administration. Is where the refugees will be relocated to still up for debate?

Answer. The administration is no longer considering the use of Guantanamo Bay as a transit site for these refugees. Refugees are being processed for admission to the United States on two tracks. Those with relatives in the U.S. who have applied to sponsor cases with appropriate resettlement agencies in the U.S. are undergoing full refuge processing in Macedonia and are arriving to be immediately united with their family in the U.S. Those who have been identified as vulnerable and in need of resettlement due to conditions in refugee camps are being moved to Fort Dix, New Jersey, following a brief process including INS adjudication interview in Macedonia. At Fort Dix they undergo final processing (medicals, etc.) and sponsorship is arranged. They are expected to move into U.S. communities two to four weeks after arrival at Fort Dix.

Question. What steps are being taken with regard to family reunification? What will be the distribution of responsibility among NATO, the U.S. military, and Non-governmental organizations for the care and maintenance of refugees at Guantanamo Bay or elsewhere?

Answer. The U.S. program emphasizes family reunification. First, we do not unduly separate families in the region during processing for relocation. Second, we are making efforts to unite refugees with relatives in the U.S. The program for moving refugees in vulnerable circumstances from refugee camps in Macedonia to Fort Dix, New Jersey, involves the cooperation of the UNHCR and the International Organization for Migration (IOM) overseas. Domestically the Department of Health and Human Services (HHS) coordinates the effort with the support of DOD, representatives of non-governmental organizations, and the American Red Cross. Refugees with family in the U.S. complete processing overseas and are not required to transit Fort Dix.

Question. Western officials and human rights groups say that scores of women have reported being raped since the Belgrade government started waging all-out war in Kosovo. Within our humanitarian relief do we address any rape-related concerns?

Answer. There have been repeated reports of the Serbian army raping Kosovar Albanian women and our humanitarian efforts do address rape-related concerns. In addition to health care, several of the NGO and UN agency programs funded by the USG provide psychosocial counseling to traumatized women.

U.S. Contribution to UNDP

Question. I am concerned about the drastic dip in United Nations Development Program (UNDP) funding from $100 million in FY 1999, to an Administration request of $80 million for FY 2000. I am also concerned that linked to this anticipated drop in funding is a decrease in leveraged influence regarding selection of the new Program Administrator. This post has traditionally been held by an American. It is the highest ranking position an American has held in the UN system and carries the rank of Deputy Secretary General. As you know, ninety percent of UNDP's core resources reach countries that are home to ninety percent of the world's poorest people. UNDP helps people in 174 countries and territories to help themselves, focusing on poverty elimination, environmental regeneration, job creation and the advancement of women. Contributions to UNDP come from nearly every government in the world and for every dollar contributed by the U.S., we receive a return of more than 2:1 in procurement of American goods and services. This funding is both socially effective and fiscally responsible. It helps the poor, fosters democracy, and ultimately it helps Americans. Recognizing all of this, why did the Administration's UNDP funding level request drop so drastically?

Answer. Our reduced FY 2000 request for the United Nations Development Program (UNDP) is an unfortunate consequence of the severe funding constraints under which we continue to operate and our efforts to keep spending within the limits established by the 1997 budget agreement.

We agree that UNDP programs serve a number of very important U.S. national interests, and continued U.S. support for UNDP efforts remains essential. UNDP is aggressively promoting broad U.S. objectives such as democracy, good governance, sustainable development and peace building.

Over the last five years, UNDP has made a number of management reforms and cooperated in strengthening the coordination of UN development activities both at headquarters and in the field. We expect this process to continue under the leadership of Mark Malloch Brown, who the Secretary-General has chosen to be his new Administrator.

Refugees

Question. I would like to thank you for focusing on improvement of the first asylum conditions in terms of basic health, water and sanitation, and shelter—for the most vulnerable refugee populations, particularly in Africa. Recognizing the devastating impact that HIV/AIDS is having on Africa's population, it seems that refugee camps would be an important location to access and educate a dense and particularly vulnerable population regarding how to reduce the spread of HIV. Is the U.S. involved in any HIV/AIDS education or prevention efforts in refugee camps in Africa?

Answer. Yes, indeed, HIV/AIDS awareness and prevention is included in the basic primary health care (including reproductive health) and community services programs (including education) in almost every refugee camp setting in Africa. We fund such health care programs in all of the major refugee situations in Africa through the U.N. High Commissioner for Refugees (UNHCR) and non-governmental organizations such as the International Rescue Committee, the American Refugee Committee, and the International Federation of Red Cross/Crescent Societies. I would

note that this is also true in other regions of the world given the universality of the threat.

The methodology may differ among refugee populations For example, all of the reproductive health care programs fro West Africa to the Horn—a sector where common minimum standards have been developed and are carefully implemented—would include an element on HIV/AIDS. In some settings, such as Guinea, health education (including HIV/AIDS) in the refugee schools is part of the program for adolescents from Liberia and Sierra Leone. In Cote d'Ivoire, refugee women engaged in International Rescue Committee—implemented income-generating activities and business skills classes decided to add HIV/AIDS education/prevention to their sessions.

REFUGEES: AFRICA/SIERRA LEONE

Question. I would like to commend you and thank you for increasing the refugee ceiling for Africa from 6,888 in 1998 to 12,000 in 1999. As you know, in countries such as Sierra Leone, people are trying to leave the country and flee to safety en masse. I have many constituents with family members trapped by the conflict. They are concerned about the loss of relatives who are trying to leave the country. Are we currently doing anything beyond the norm to help these refugees?

Answer. Sierra Leon is in the ninth year of a tragic civil war. Last year, the USG gave over $60 million for Sierra Leonean refugees and regional peacekeeping. So far this year, we have spent nearly $43 million, including emergency aid following the violent rebel attack on Freetown in January. This includes over $2 million in additional emergency fund for refugees in Guinea and Liberia.

Security and access remain serious constraints in Sierra Leone, both in terms of supplying aid to the needy and in allowing refugees to flee danger. We have pressed both sides to allow humanitarian access. In the meantime, we have encouraged negotiations while reinforcing ECOMOG, and sought to halt the flow of arms in the region. Until the parties reach a political settlement, the people of Sierra Leone will remain desperate for the assistance we provide.

We are continuing to resettle Sierra Leonean refugees in the United States, including a number of the atrocity victims who managed to flee to Guinea. As refugee resettlement is available only for those who have fled their country it is not a mechanism for rescuing those still inside the country.

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