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Box 58, Folder 10, Foreign aid and foreign aid crisis, 1987.



THE AMERICAN JEWISH COMMITTEE
STATEMENT IN SUPPORT OF FOREIGN AID

with the difficulties of

The United States faces

"a major foreign policy crisis "

and its highest priority diplomatic problem not in Moscow or the Middle East, but in Washington today is

Secretary of State George Shultz has used these terms to characterize itself. Secretary of State George Shultz has used these terms to characterize

the struggle the Administration is facing in Congress to maintain the budget allocation for foreign affairs.

As Congress is forced to make difficult choices among competing demands for scarce dollars and under the requirement to reduce the massive deficit, foreign aid may be portrayed by some as a luxury that we can no longer afford or as an expendable charity.

Foreign aid is particularly vulnerable because unlike the farmers or the textile workers, who press their demands upon the legislators, foreign aid has lacked a defined domestic constituency.

We believe however that a persuasive case can be made to the American people that our national security and interests abroad require not only military preparedness but also a strong diplomatic presence and effective programs of foreign assistance. Ever since the Marshall Plan to rehabilitate post-World War II Europe, foreign aid has been an essential instrument of American

foreign policy.

full request

The ~~request~~ submitted by the Administration is \$16 billion out of a total budget for all foreign affairs programs ~~of \$16 billion~~

~~that exceeds one trillion~~

that exceeds one trillion (1,000 billion) dollars. Less than \$3 billion is earmarked for the State Department and our embassies abroad.

The \$5.2 billion that is earmarked for ~~the~~ the

signatories of the Camp David Accords (Egypt and Israel)

develop their economies

plays a vital role in enabling them to defend themselves and

~~promote~~ as strategic allies

Western interests against radical and fundamentalist challenges. ~~As anchors~~

Continued American support also strengthens the prospects for enlarging the peace process and preventing any resumption of ~~the~~ hostilities, whose cost would be ~~many times greater~~ many times greater.

~~To the extent that foreign aid strengthens American friends and~~

and potential friends

allies it should really be seen as a continuation of our defense budget,

compared to which foreign ~~aid~~ aid is but a minuscule amount.

~~Moreover, a statesmanlike approach realizes that a farsight-~~

enlightened

ed program of humanitarian aid is not simply charity, but ~~self-interest~~ self-interest since it contributes to a politically and economically

~~stable and peaceful~~ stable and peaceful

world where human dignity is preserved. As the New York Times noted

in ~~a recent editorial~~ a recent editorial ("Defend America With Foreign Aid,"

April 24,) "Voters forget that most of the money is spent at home; aid-

driven trade means more U.S. jobs and better markets; and wise develop-

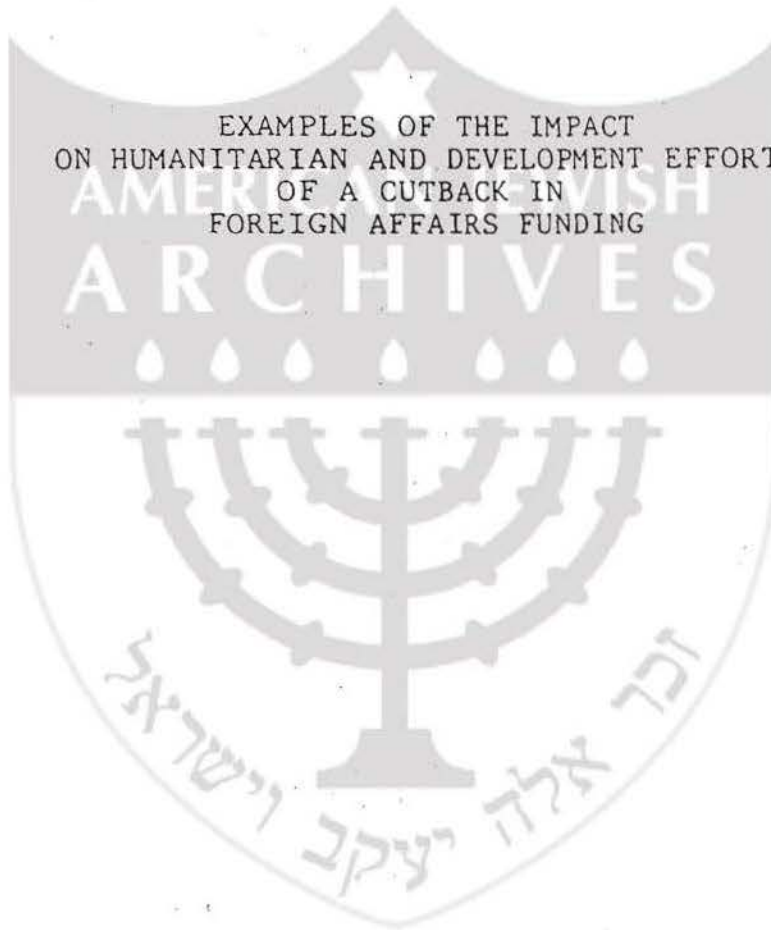
ment assistance is cheaper and kinder than rushing in grain once famine hits."

Congressional committees of the Senate and the House reflected their awareness of these points when they approved the increase in development assistance for sub-Saharan Africa in the ~~1988~~ Fiscal Year 1988 foreign aid allocation. The American Jewish Committee had joined with other like-minded voluntary organizations across the nation to support generous public and private assistance to address the emergency famines, also supported the increased ^{budgetary} allocation because, as we wrote to the members of the Senate Foreign Relations Committee, "we recognize that the most effective means of averting future human catastrophes lies in addressing such long-term issues as the continent's compelling development needs."

We are confident that Congress and the American people will continue to maintain ~~the~~ our noble tradition of caring for those who are less fortunate than we are ~~and~~ as we ~~live~~ seek to enhance life liberty and the pursuit of happiness in an ever more interdependent world.

EXAMPLES OF THE IMPACT
ON HUMANITARIAN AND DEVELOPMENT EFFORTS
OF A CUTBACK IN
FOREIGN AFFAIRS FUNDING

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Concrete Examples of How Cutbacks Will Retard
Humanitarian Efforts

o Significant reductions in Development Assistance will:

- mean less U.S. technology transfer in a variety of important development fields, such as aquaculture in Indonesia and fruit and citrus development in Yemen, both poor countries trying to diversify their economies;

It should be noted that Yemen's annual imports of U.S. goods and services, amounting to \$80 million are about twice its current U.S. bilateral aid level. The proposed \$4 million cut in Yemen's DA request will probably affect U.S. universities working in horticulture development and participant training;

- trigger unfortunate slowdowns in the primary health care program in Nepal, a country with a high infant mortality rate and little access (only 15% of the population) to safe water supplies to combat intestinal diseases - typhoid fever, dysentery, internal parasites;
- force curtailment of scientific cooperation and agricultural research programs in India, which is struggling to get beyond the "green revolution" to provide food and energy to a vast population;
- slow the pace of local private sector assistance, eliminating new projects which assist joint U.S.-host country businesses, or which advance local commercial activities that often become future customers for U.S. exports;
- postpone host country infrastructure and social improvements which increase host country incomes and enhance the demand for U.S. manufactured goods. These investments also help increase host country production and reduce the cost of our consumer items which cannot be produced in the U.S., e.g., winter fruits and vegetables from Central America;
- prevent adequate funding for the new Southern Africa Initiative defined by President Reagan when Congress passed the Comprehensive Anti-Apartheid Act of 1986.

o AID's support of PVO programs leverages major private financial and volunteer resources. The matching grant program

results in a minimum of one private dollar for each dollar expended of U.S. government funds. For example, AID is proposing a PVO matching grant to World Vision Relief Organization (WVRO) under which WVRO will match \$2.25 million in AID funds with over \$18 million of their own resources over a three-year period to support water and sanitation projects in Africa.

The PVO account has been cut 10% (\$5 million) for FY 1987. This will seriously affect the AID-sponsored ocean freight program (down \$2 million, or 40%, from FY 1986) that makes overseas shipments possible for many PVO organizations.



Examples of How DA Cutbacks Will Hurt U.S.

o When coupled with increasing Congressional tendencies to earmark specific countries and levels, DA reductions will sharply limit U.S. ability to respond in proper and timely ways to unforeseen foreign policy requirements and natural/economic calamities which impact on Third World allies.

o Peace and stability in South and Southern Africa are very important to the U.S. in the areas of strategic commodity trade and overall foreign policy. The problem is very complex and will require time for resolution; nevertheless, timely external assistance will be required if disadvantaged black South Africans are to make a reasoned transition to a post-apartheid society. Cutbacks in DA funding will make it even more difficult to formulate a rational strategy for U.S. involvement.

o Will further reduce AID's ability to support DA-funded private sector contacts and U.S. business ventures in the Third World. These reductions hurt American firms because they lose the opportunity to influence the choices of technology and methods/machinery in which the U.S. is competitive. (Also, FY 1987 Commodity Import Program (CIP) levels are down by \$700 million from FY 1986; U.S. export suppliers and future trade possibilities will be directly affected.)

[AID direct procurement for overseas CIP activities -- excluding host country contracting -- amounted to nearly \$400 million in equipment and materials orders and another \$400 million in bulk commodity purchases. In addition, direct AID purchases were also executed for approximately \$21 million in A&E services, \$120 million in technology transfer and \$480 million in equipment, commodities, and technical support services.]

o AID-supported PVO programs are a significant mechanism for involving millions of American citizens in U.S. foreign policy and overseas humanitarian aid activities. Cuts in AID funds for donated ocean freight (down \$2 million), Biden-Pell grants (-26% from FY 86) and other worthwhile PVO undertakings will reduce joint U.S. citizen/U.S. Government activities. Such will weaken our relationships with PVOs, hurt their projects and erode citizens' understanding and support for USG initiatives in the Third World.

Impact of Cutbacks on AID's PVO Funding

The increase in the PVO earmark, from 13.5% to 15% -- with an 18% target -- will benefit PVO funded programs provided that the total funding available for Development Assistance remains the same or increases.

PVO programs would suffer disproportionately should the Agency's Development Assistance request be reduced below current levels. PVO programs are more vulnerable to program cuts due to budget reductions than bilateral programs. Most funding available to PVOs is programmed in the actual budget year to allow maximum flexibility in responding to immediate needs. As a result, no commitments have been made. In contrast, bilateral programs frequently involve multi-year commitments between the U.S. government and the host country government.

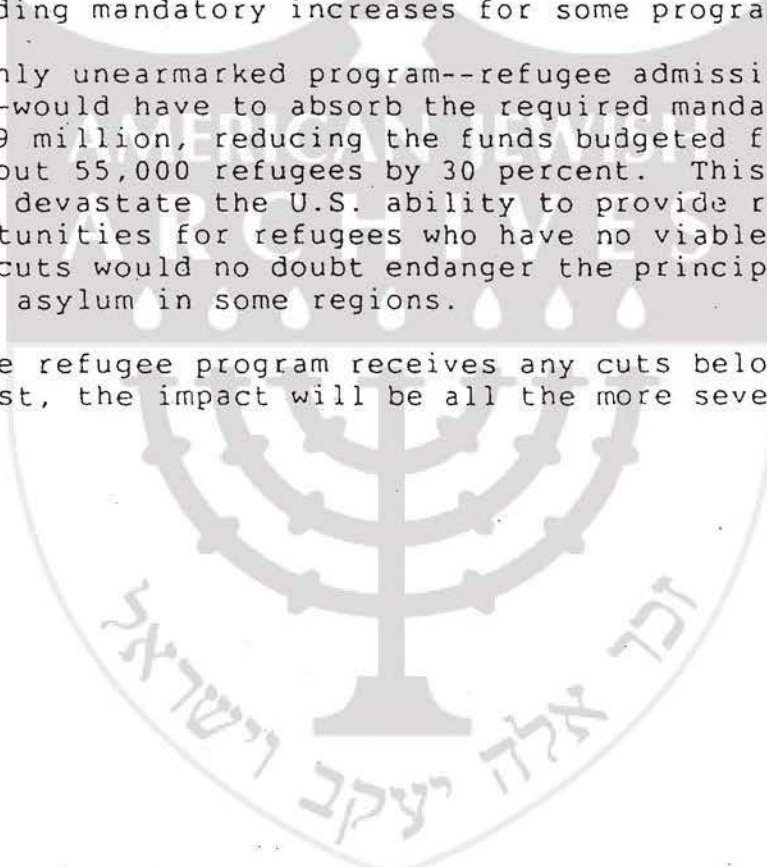
Established PVO programs would suffer should the Agency's Development Assistance request receive a number of earmarks which must be absorbed from within the appropriated levels. For example, should a large earmark for AIDS be included in the appropriations legislation, this would reduce the funding that would be available for other established PVO programs.



MIGRATION AND REFUGEE ASSISTANCE

Talking Points

- The Department is concerned about the possible combined effects of authorization and appropriations earmarks on the refugee budget for next year.
- Our total request is about \$314 million, a decrease of about 10 percent from last year.
- If earmarking provisions proposed by the House and Senate authorization committees were enacted, over 75% of the \$314 million would be designated for particular programs, including mandatory increases for some programs.
- The only unearmarked program--refugee admissions to the U.S.--would have to absorb the required mandatory increases of \$29 million, reducing the funds budgeted for admissions of about 55,000 refugees by 30 percent. This effective cut would devastate the U.S. ability to provide resettlement opportunities for refugees who have no viable alternative. Such cuts would no doubt endanger the principle of safe first asylum in some regions.
- If the refugee program receives any cuts below the total request, the impact will be all the more severe.



State/Humanitarian Affairs

If State/HA's budget is reduced any further, due to a general reduction in the foreign affairs budget, there will be two immediate impacts:

- 1) the operations of the asylum unit would have to be cut back, resulting in a backlog of cases;
- 2) HA's travel budget would also have to be reduced, prohibiting the worldwide presentation of U.S. policies concerning human rights and humanitarian affairs and, more significantly, prohibiting fact-finding missions abroad.



When We Need to Keep Foreign Aid Flowing

Congress has been cutting funds budgeted for foreign assistance as well as the bodies that handle it. This could damage U.S. interests.

By George P. Shultz

THE FOREIGN POLICY crises we confront are usually thrust upon us by others. Now we are in danger of creating a major one for ourselves — by slashing the foreign affairs budget. This looming crisis is the most urgent and least recognized of all those facing this nation today.

As we face the third consecutive year of congressional cuts in the foreign affairs budget, we must understand the real world impact. These cuts threaten our vital interests, not just in one or two regions, but around the globe. They threaten the stability of our allies. They threaten our war on drug traffickers and on terrorists. They threaten our efforts to promote democratic values and reforms. They threaten our ability to understand and to influence developments in a dynamic international environment.

In short, by attempting to save a few dollars in the short run, these budget cuts are likely to cost us much more — in money, in jobs, even in lives — over the long run. Let me give some examples of the

George P. Shultz is secretary of state.

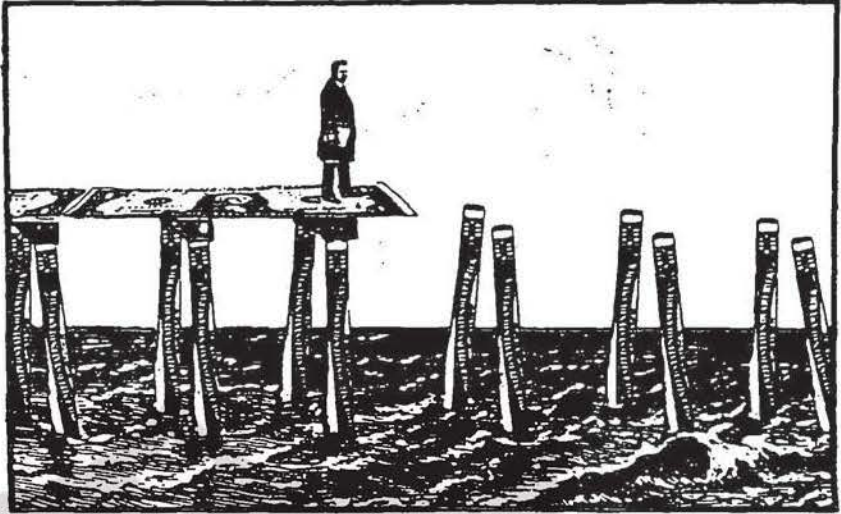
real damage this nation could inflict on itself by devoting inadequate resources to its foreign policy.

Maintaining friends and allies helps to preserve our national security. About one fifth of our assistance goes to allies who provide sizable forces in behalf of our common defense, or who make available bases from which we benefit. Yet, last year, we failed to fund adequately our alliance partners — especially Portugal, Turkey, Greece and Spain. For example, in fiscal year 1987, which ends Sept. 30, 1987, we have had to slash aid to Spain by 73 percent. Countries of the North Atlantic Treaty Organization that provide access to U.S. forces were cut in the aggregate by 43 percent. These reductions raise fundamental doubts about our dependability and risk the loss of vital facilities. If ever a policy deserved to be called penny wise and pound foolish, this is it.

Our domestic economic prosperity is linked to the rest of the world as never before. U.S. exports translate into jobs for American workers; each billion dollars worth of exports supports an estimated 26,000 American jobs. When the countries of Latin America and the Caribbean, for example, experienced a sharp decline in their real incomes between 1981 and 1985, our exports to that region dropped by over \$11 billion — the equivalent of almost 300,000 American jobs.

About 40 percent of our exports go to developing countries — a larger total than the volume purchased by Western Europe, Eastern Europe, the Soviet Union and China combined. If we can't help the economies of the developing nations to expand, they won't be able to purchase our products.

During the 1980-85 period, the United States



Shelving / Jack Sherman

increased its economic assistance to sub-Saharan Africa by 56 percent. We began to play an increasingly important role in promoting growth-oriented economic development on that continent, while advancing important U.S. strategic, political and humanitarian interests. A growing number of African countries realized the advantages of a turn to the West. Now, recent budget reductions have limited our economic involvement in Africa and our capacity to encourage this trend.

Our program to improve the physical security of U.S. personnel abroad, especially in high terrorist-threat areas, is at risk. More than 60 of our embassies and more than 300 other buildings abroad need to be replaced or substantially upgraded if we are to provide adequate protection for U.S. employees. Although Congress authorized a \$4.4-billion, multi-year program, the money made available has been insufficient to fulfill essential requirements.

As many as 700 full-time State Department positions may have to be eliminated and even more posts closed in addition to the seven shut down in

1987 represented a sound and prudent investment in our national interests. It totaled \$22.6 billion for all foreign affair activities — barely 2 percent of the entire federal budget. Congress slashed this by more than a fifth, the largest cut to any major government department. Furthermore, after excluding items which must be funded, the effective cut for the bulk for our foreign assistance activities was more on the order of 50 percent. This took place within the context of a declining dollar abroad and rising foreign inflation rates in a number of countries, which, in real dollar terms, has cut the budget even more than one fifth.

Thus, the State Department's small operating budget was cut substantially, while development and economic assistance in fiscal 1987 was reduced by more than a quarter and security assistance to unearmarked countries by a half.

These cuts prompted the president to present to Congress a supplemental request, still under consideration, for the fiscal 1987 budget that would restore some of the cuts made last fall. For fiscal 1988, the president has presented a new foreign affairs budget totalling \$19.9 billion, covering what we in the administration consider our basic needs for that year. The prognosis from Capitol Hill on how these requests will fare is anything but positive, even though the new request is substantially below last year's.

Conducting an effective foreign policy requires adequate resources. Without adequate resources, our ability to act as a leader in the world will gradually erode and with it the accomplishments we have worked so hard to achieve.

Let us not forget one of the most crucial lessons we have learned from the past: It takes resources — modest, but sustained and applied credibly over time — to advance our national interests. The expenditure of such resources is not a giveaway. It is an essential investment in a better future for ourselves and our children.

An adequate foreign-affairs budget is fundamentally an investment in America's long-term security, prosperity and democracy. As an insurance policy for the future, the president's fiscal 1988 foreign-affairs budget is a small premium to pay — and we should pay it.

'An adequate foreign-affairs budget is an investment in America's long-term security, prosperity, democracy.'

1986. Our overseas staff will have to be sharply reduced. This will mean a steady decline in services available to American travelers, students and businesses abroad.

The list goes on and on. Budget reductions are affecting not only the more publicized aspects of our activities, such as specific economic and security assistance programs, but are requiring us to cut back across the board.

The president's budget request for fiscal year

Newsday

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A Times Mirror
Newspaper

May 8, 1987

MEMORANDUM

TO: Deputy Secretary Whitehead

FROM: Jay F. Morris *JFM*

SUBJECT: Meeting with Religious Leaders to Discuss the Foreign Affairs Budget Crisis, May 19

The following is a summary of the events and the planning efforts which are underway to ensure that the May 19 meeting is a success:

Vice President Bush will host the White House portion of the event in the Roosevelt Room and Secretary Shultz is having Under Secretary Derwinski host the luncheon in the Jefferson Room of the State Department.

- 10:45 - 11:00 Reception at the Visitors Entrance of the OEOB and walk to the Roosevelt Room of the White House. Escorts will be provided.
- 11:00 - 11:25 Address by VP Bush. Talking Points are being provided.
- 11:25 - 11:45 Address by LTG Powell of the NSC. Talking points are being provided.
- 11:45 - 12:15 Address on budget details by Assistant Secretary Redmon. PA is developing his talking points.
- 12:15 - 12:30 A representative delegation will meet with the press to present their joint statement of concern. Transportation will be provided to the luncheon. Escorts will also be provided.
- 12:30 - 2:00 Reception at State by Under Secretary Derwinski. Transportation will be provided. Talking points are being provided. This will be a working luncheon in the Jefferson Room. It is our objective to assist the group further in understanding the budget situation.

Protocol is handling arrangements. Poached Salmon is the entre; wine and juices will be served. The meal will be Kosher.

The senior religious leaders will be asked to give the grace or suggest silent prayer.

Secretary Shultz will join the group at approximately 1:30 for a short statement and Q & As. S/P is providing talking points.

Budget briefing charts are available.

A briefing packet will be given to each participant. PA will assemble the information packets.

The Vice President will have a photographer while in the White House. It is recommended that PA provide a photographer for the luncheon and meeting with the Secretary.

Invitations to 89 religious leaders went out on 6 May with an RSVP of 13 May. As RSVP's are received, confirming mailgrams will be sent by event coordinator Jay Morris, noting the need to clear through the Pennsylvania Avenue visitors entrance at the OEOP.

Alternative arrangements are being considered should the group exceed 30 individuals for both the White House and State. Should the group exceed 30 we will obtain the Indian Treaty Room in the OEOP and we will move the luncheon to the Ben Franklin Room.

The following State and A.I.D. personnel have been invited to the Secretary's luncheon:

Derwinski - T
Morris - A.I.D.
Keyes - IO
Bissell - A.I.D. Budget
McKay - A.I.D. PVO

Ambassador Ridgeway and Ambassdor Shifter were not available due to travel plans.

Rabbi Tanenbaum has discussed the event with Reverend Billy Graham. Reverend Graham will not be able to attend but he will express his concern for the Foreign Affairs budget to VP Bush and Secretary Shultz and offer his assistance.

11/10/84
C-2

Concrete Examples of How Cutbacks Will Retard
Humanitarian Efforts

o Significant reductions in Development Assistance will:

- probably cause a several million dollar cutback in family planning programs in densely populated Banladesh (and also affect exports of U.S.-manufactured contraceptive materials);
- mean less U.S. technology transfer in a variety of important development fields, such as aquaculture in Indonesia and fruit and citrus development in Yemen, both poor countries trying to diversify their economies.

(Yemen's annual imports of U.S. goods and services [\$80 million] are about twice its current U.S. bilateral aid level. The proposed \$4 million cut in Yemen's DA request will probably affect U.S. universities working in horticulture development and participant training.)

- trigger unfortunate slowdowns in the primary health care program in Nepal, a country with a high infant mortality rate and little access (15%) to safe water supplies to combat intestinal diseases - typhoid fever, dysentery, internal parasites.;
- force curtailment of scientific cooperation and agricultural research programs in India, which is struggling to get beyond the 'green revolution' to provide food and energy to a vast population;
- slow the pace of local private sector assistance, eliminating new projects which assist joint U.S.-host country businesses or advance local commercial activities that often become future customers for U.S. exports.
- postpone host country infrastructure and social improvements which increase host country incomes and enhance the demand for U.S. manufactured goods. These investments also help increase host country production and reduce the cost of our consumer items which can't be produced in the U.S., e.g., winter fruits and vegetables from Central America.
- prevent adequate funding for the new Southern Africa Initiative defined by President Reagan when Congress passed the Comprehensive Anti-Apartheid Act of 1986.

o AID's support of PVO programs leverages major private financial and volunteer resources. The matching grant program results in a minimum of one private dollar for each dollar expended of U.S. government funds. For example, AID is proposing a PVO matching grant to World Vision Relief Organization (WVRO) under which WVRO will match \$2.25 million in AID funds with over \$18 million of their own resources over a three-year period to support water and sanitation projects in Africa.

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o Peace and stability in South and Southern Africa are very important to the U.S. in the areas of strategic commodity trade and overall foreign policy. The problem is very complex and will require time for resolution; nevertheless, timely external assistance will be required if disadvantaged black South Africans are to make a reasoned transition to a post-apartheid society. Cutbacks in DA funding will make it even more difficult to formulate a rational strategy for U.S. involvement.

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o AID-supported PVO programs are a significant mechanism for involving millions of American citizens in U.S. foreign policy and overseas humanitarian aid activities. Cuts in AID funds for donated ocean freight (down \$2 million), Biden-Pell grants (-26% from FY 86) and other worthwhile PVO undertakings will reduce joint U.S. citizen/U.S. Government activities. Such will weaken our relationships with PVOs, hurt their projects and erode citizens' understanding and support for USG initiatives in the Third World.

o Cuts in DA assistance to e.g., Philippines, Dominican Republic, and other countries affected by U.S. sugar quota actions increase questions as to the integrity and benevolence of U.S. foreign policy. (The D.R.'s recent 41% U.S. sugar quota reduction was equivalent to a \$45 million cut in its exports. This quota drop and declines in the price of sugar are serious setbacks to a friendly country which annually imports \$700-\$800 million worth of goods and services from the United States.)



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Impact of FY 1988 Appropriations Legislation on A.I.D./PVO Funding

- The increase in the PVO earmark from 13.5% to 15% with an 18% target will benefit PVO funded programs provided that the total funding available for Development Assistance remains the same or increases.
- PVO programs would suffer disproportionately should the Agency's Development Assistance request be reduced below current levels. PVO programs are more vulnerable to program cuts due to budget reductions than bilateral programs. Most funding available to PVOs is programmed in the actual budget year to allow maximum flexibility in responding to immediate needs. As a result, no commitments have been made. In contrast, bilateral programs frequently involve multi-year commitments between the U.S. government and the host government.
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Clearance: A-AA/FVA, WGBollinger (substance 5/11/87)
FVA/PPM, LStamberg (draft 5/11/87)
A-DAA/FVA/PVC, KPoe (5/11/87)

Drafted by: FVA/PVC: ^{KPoe}mk:5/11/87:0952S

MIGRATION AND REFUGEE ASSISTANCE.

Talking Points

- The Department is concerned about the possible combined effects of authorization and appropriations earmarks on the refugee budget for next year.
- Our total request is about \$314 million, a decrease of about 10 percent from last year.
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- If the refugee program receives any cuts below the total request, the impact will be all the more severe.

Draft: RP/PB:ROliver
5/11/87, 5383E, 663-1003

Cleared: RP/PC:DHunter

State/Humanitarian Affairs

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2) HA's travel budget would also have to be reduced, prohibiting the worldwide presentation of U.S. policies concerning human rights and humanitarian affairs and, more significantly, prohibiting fact-finding missions abroad.



FROM...

FAX
RUSH binder

5/18/87

4:50 PM

Marc Danenbaum

Re your foreign aid meeting at
White House, read Cong. Berman's
letter carefully...

The problem for us is that if we
"ruin" by excluding Israel (+ Egypt)
from any 4 1/2 % cut --- we
lose politically, because it comes
out of the hide of third world
countries, black countries, etc.

A terrible dilemma unless
miraculously the whole level
can still be raised, or some other
solution found.

Bookie

Enc - 1 page letter

DRAFT

Yosef Lamdan, Congressional Liaison, Israeli Embassy
Presentation to Steering Committee
of the International Relations Commission
The American Jewish Committee
May 13, 1987

The Foreign Aid Crisis

Israel's major concern on Capitol Hill in the current legislative session is the issue of foreign aid. Foreign aid is in trouble as an institution, and this could spell trouble for Israel. A recent article in the Washington Post called for the "smaller pie" of foreign aid, which is now disproportionately allocated to Israel and Egypt, to be "shared more equitably."

Of all U.S. budget programs, foreign aid is the least popular, for it has no natural indigenous constituency and has been abused by corrupt regimes like that of Ferdinand Marcos in the Philippines. The one exception, however, is Israel. Its U.S. constituency is the American Jewish community and other members of the "pro-Israel community." In fact, the U.S. foreign aid program might not be carried out at all were it not for American advocacy for aid to Israel.

In the era of protectionism and "Gramm-Rudman," foreign aid has become the "whipping boy." Congressmen, whose constituents suffer the effects of domestic budget cuts, feel compelled to cut foreign aid. Rep. Obey, a member of the House Foreign Aid Subcommittee, has characterized this attitude as "populism and politics." On the one hand, how can the U.S. send money abroad while cutting aid to farmers? And on the other hand, if the President wants to increase foreign aid, which he sees in the context of national defense, he should call for the increase in taxes required to fund such programs.

Between FY 1981 and 1985, foreign aid rose 13-14% per annum, i.e., out of proportion with other programs. The foreign aid budget peaked in FY 1985, then cut in FY 1986 and further in FY 1987, due to Gramm-Rudman.

Aid to Israel

In FY 1987, Israel will receive approximately \$3 billion -- \$1.8b in military aid, \$1.2b in economic aid. The \$1.8b in military aid is already bespoken for at least 5 years into the future, i.e., Israel's military orders are based on the assumption that aid will continue at this level. Of the \$1.2b in economic aid, \$1 billion will be returned to the U.S. this year in the form of debt payments for past military aid. Therefore, U.S. economic aid to Israel is effectively \$100-200 million (about one-fifth of the amount raised by Israel Bonds). Furthermore, these levels represent a decrease from FYs 1985-1986, when the

U.S. provided a supplementary \$750 million in emergency economic assistance, without which the Israeli economy might not have overcome its crisis.

While aid to Israel has been basically constant over the last three years, total U.S. foreign aid has been decreasing. Israel's share, therefore, has been proportionally larger, at the expense of other countries. Of the total \$12.9 billion in U.S. foreign aid last year, \$3 billion (23%) went to Israel and \$2.3 billion went to Egypt. Israel and Egypt combined account for 39.4% of the total foreign aid budget.

Furthermore, aid to Israel, Egypt and a few other countries is "earmarked," i.e., authorized as a constant each year. Also earmarked are the budgets for the State Department, U.S. fees to the UN, and U.S. military bases abroad. After the "earmarks," of the total budget of \$12.9 billion, \$1.5 billion (or half of what Israel alone receives) is distributed among all other U.S. foreign aid recipients. The whole of Africa received \$600 million in 1985, and \$487 million in 1986 (a cut of over one-sixth). More cuts can be expected, since "Gramm-Rudman" mandates an end to the deficit by 1991. [Lamdan then displayed charts prepared by the Administration illustrating the disproportionate share of Israel and Egypt compared to the rest of the world.]

Israeli Immunity?

If the allocations committees trim the grossly over-authorized foreign aid bills by even 3-4%, this will mean a (significant) loss to Israel of \$90-120 million. All things considered, including the recent crises in U.S.-Israeli relations (Pollard, Iran-contra, South Africa, krytons), Israel has fared well. Israel must also compete with other legitimate claims to U.S. foreign aid, such as supports for democracy in the Philippines. Nevertheless, Israel's \$3 billion is almost taken for granted.

Economic bills, furthermore, can also be used as vehicles for carrying political amendments. Members of Congress are literally volunteering to sponsor pro-Israel amendments. One such proposed amendment calls for the U.S. to leave all major UN organizations if Israel is denied its full rights in such bodies as ECOSOC. Senator Paul Simon has proposed a study of water problems in the Jordan valley, an essential component of the peace process, since Jordanian water sources are in Syria.

On the strategic front, Israel has been designated a "major non-NATO ally" of the U.S., which has reduced training costs of Israeli soldiers in the U.S. And there has been no Congressional demand to cancel the Lavi project. Congress has allocated \$5 million for bilateral Israeli-Egyptian projects, \$5 million for Israeli cooperation with USAID in Africa, and \$20 million for King Hussein to build influence in the West Bank.

Strategies for addressing the foreign aid crisis

One broad strategy is coalition-building with other American groups with foreign concerns [such as the May 19th White House meeting of civic, religious and ethnic leaders in Washington]. Another is to urge the reshaping of the foreign aid package; rather than following traditional patterns, Congress and the State Department can re-order their priorities. A third would be to eliminate the "earmark" system, which would allow greater flexibility to the Administration. Israel will express reservations toward this option, for it will be the first under threat.

Then there are specific strategies, i.e., related to aid to Israel. One would be for Israel to voluntarily relinquish a portion of its aid; Israel is not prepared to do that at present. Another would be refinancing or prepayment, both too expensive for Israel, which owes \$8 billion in principal, and would have to pay a "balloon" of \$15 billion in 25 years.

[The third is the hasbara approach.] Since Israel has now been upgraded from an "strategic asset" to a "major non-NATO ally," what was formerly considered part of its foreign aid package can now be considered, for argument's sake, as part of U.S. aid to its allies. The U.S. supplies \$80 billion to its European allies, and \$40 billion in the Far East. Compared to this total of \$120 billion, Israel's \$3 billion is no longer out of proportion with the rest of the world.

TALKING POINTS ON
FOREIGN AID
FOR
VICE PRESIDENT GEORGE BUSH
TO NATIONAL CHURCH LEADERS

O MY FRIENDS, I HAVE SOME DISTURBING NEWS TO DELIVER.
AMERICA IS IN TROUBLE. IT IS IN TROUBLE BECAUSE AMERICA'S
FOREIGN AID PROGRAM IS IN JEOPARDY.

O FUNDING LEVELS FOR ECONOMIC AID, SUPPORT OF OUR DIPLOMATIC
INTERESTS, AND FUNDING FOR VITAL NATIONAL SECURITY OPERATIONS
HAS BEEN CUT DRASTICALLY IN THE PAST TWO YEARS. AGAIN IN 1988,
CONGRESS IS LEANING TOWARD A MUCH REDUCED BUDGET FROM THE
ONE THIS ADMINISTRATION FEELS FOREIGN AID
DESERVES.

O IT IS A BUDGET FRANKLY THAT MOCKS AMERICA AS THE DEMOCRATIC
AND HUMANITARIAN LEADER IN THE WORLD.

O FIRST, THE GOOD NEWS.

-- OUR NATO ALLIANCE IS STRONG.

-- DEMOCRACIES HAVE EMERGED THROUGHOUT LATIN AMERICA,
IN THE CARIBBEAN AND IN THE PHILIPPINES.

-- U.S. SECURITY INTERESTS HAVE BEEN STRENGTHENED IN
CENTRAL AMERICA, THE CARIBBEAN AND THE PACIFIC
BASIN.

-- STATIST COUNTRIES ARE MOVING TOWARD MORE FREE AND OPEN ECONOMIES.

-- RESISTANCE MOVEMENTS IN COMMUNIST-DOMINATED COUNTRIES HAVE BEEN STRENGTHENED.

O AND THERE HAVE BEEN MANY SUCCESSES IN THE AREA OF DEVELOPMENT ASSISTANCE, PROVING THAT AMERICA IS THE HOPE OF THE DEVELOPING WORLD.

O THERE IS A POSITIVE RELATIONSHIP BETWEEN U.S. AID AND THE FACT THAT LAST YEAR AFRICA PRODUCED ALMOST ENOUGH FOOD TO FEED ITSELF, IF THAT FOOD HAD BEEN PROPERLY DISTRIBUTED.

O THERE IS A POSITIVE RELATIONSHIP BETWEEN U.S. AID AND THE FACT THAT LOCUST AND GRASSHOPPERS ARE AT THIS MOMENT ALMOST NO THREAT TO FOOD PRODUCTION IN MUCH OF AFRICA.

O THERE IS A POSITIVE RELATIONSHIP BETWEEN U.S. AID AND THE FACT THAT FAR MORE BABIES AND MOTHERS ARE SURVIVING CHILDBIRTH.

O THERE IS A POSITIVE RELATIONSHIP BETWEEN U.S. AID AND THE FACT THAT MORE CHILDREN IN THE THIRD WORLD ARE GOING TO SCHOOL.

- O AND THE FACT THAT FEWER PEOPLE ARE SUFFERING AND DYING FROM DISEASE.
- O AND THE FACT THAT PEOPLE THROUGHOUT THE DEVELOPING WORLD ARE LIVING ON THE AVERAGE OF TEN TO TWENTY PERCENT LONGER THAN THEY WERE TWENTY YEARS AGO.
- O BUT ALL THE GAINS WE HAVE MADE, AND ALL THE HOPE WE HAVE RENDERED ARE IN DANGER OF BEING UNDERMINED BY SEVERE CUTS TO OUR INTERNATIONAL AFFAIRS BUDGET.
- O IT'S NOT JUST THAT THE CUTS HAVE BEEN DEEP OVER THE PAST FEW YEARS, THEY HAVE SEVERELY AFFECTED THE MORALE OF THOSE WHO UPHOLD OUR SECURITY, DIPLOMATIC AND DEVELOPMENT INTERESTS AROUND THE WORLD.
- O REDUCED BUDGETS HAVE FORCED UPON US A PROGRESS-CRIMPING STYLE. THEY HAVE KEPT US PREOCCUPIED WITH PINCHING PENNIES. THEY HAVE NOT ALLOWED AMERICA TO LEAD.
- O EVEN THE VERY THRIFTY 1983 INTERNATIONAL AFFAIRS BUDGET THAT THE ADMINISTRATION SENT TO CONGRESS -- A BUDGET WELL WITHIN THE LIMITS OF GRAMM-RUDMAN -- IS BEING CALLED TOO HIGH BY CONGRESS.

O MAYBE I WOULD AGREE WITH THEM IF OUR FOREIGN AID PROGRAM WERE JUST A GIVEAWAY PROGRAM. OR IF IT WERE SIMPLY ONE MORE HUNK OF THE BUDGET GOING TO SPECIAL INTERESTS. OR IF IT WERE A COSMETIC PROGRAM, JUST TO MAKE US LOOK GOOD OVERSEAS.

O BUT OUR FOREIGN AID PROGRAM IS NOT A HANDOUT PROGRAM -- IT IS A PROGRAM THAT GIVES PEOPLE A HAND UP. AND IT IS NOT JUST A PROGRAM TO SHOW OFF THE AMERICAN FLAG IN EMBASSIES AROUND THE WORLD. IT IS A PROGRAM TO SHOW NATIONS THAT AMERICA IS SERIOUS ABOUT PROTECTING DEMOCRATIC VALUES AND PROMOTING INDIVIDUAL INITIATIVE AND ECONOMIC DEVELOPMENT.

O THOSE WHO SAY THAT FOREIGN AID HAS NO CONSTITUENCY ARE WRONG.

-- 40% OF U.S. EXPORTS ARE BOUGHT BY DEVELOPING COUNTRIES.

-- IN 1983, FOR EXAMPLE, DEVELOPING COUNTRIES ACCOUNTED FOR 50% OF U.S. FEED AND GRAIN EXPORTS.

-- AND ABOUT 70% OF U.S. BILATERAL FOREIGN ASSISTANCE COMES IN THE FORM OF U.S. PRODUCTS, AND U.S. SERVICES. IT IS OUR MEDICINES, OUR TECHNICAL RESOURCES, OUR LABOR THAT GOES INTO HELPING PEOPLE IN MORE THAN 70 COUNTRIES AROUND THE WORLD.

O ABOVE AND BEYOND THE RETURNS AMERICA GETS FROM ITS FOREIGN AID PROGRAM IS THE MORAL OBLIGATION WE HAVE TO LEND A HAND TO NATIONS THAT ARE LESS PROSPEROUS, AND NATIONS THAT ARE FIGHTING TO STAY DEMOCRATIC AND FREE.

O WE ARE ALL PART OF THAT MORAL CONSTITUENCY-- IT IS THE CONSTITUENCY WHICH YOU PRESIDE OVER.

O IN CLOSING, I REMEMBER A STORY I HEARD ABOUT A CLERGYMAN WHO LABORED LONG AND HARD OVER A CONTROVERSIAL SERMON ABOUT THE DUTY OF THE RICH TO HELP THE POOR. HE WAS ASKED BY HIS WIFE AFTER THE SERMON, "DID YOU CONVINCe ANY OF THE CONGREGATION?"

"SOME OF THEM," SAID THE MINISTER. "I CONVINCED THE POOR."

O MY FELLOW AMERICANS, PEOPLE IN THE 70 COUNTRIES AROUND THE WORLD WHERE OUR FOREIGN AID PROGRAM IS WORKING ARE CONVINCED OF ITS VALUE.

O A FACTORY OWNER IN HAITI NAMED ANDRE APAID KNOWS ABOUT THE VALUE OF AMERICAN ASSISTANCE -- AND THE INTERRELATIONSHIP BETWEEN PEACE, DEMOCRACY AND ECONOMIC RECOVERY. MR. APAID HEADS UP A NEW INVESTMENT GROUP FUNDED BY ~~THE~~ OUR AGENCY FOR INTERNATIONAL DEVELOPMENT. MR. APAID SAID, "IF WE HAVE PEACE ON THE STREETS, WE CAN CREATE 50,000 JOBS IN FOUR YEARS."

O PEACE, AND DEPENDABLE SOURCES OF ASSISTANCE FROM THE UNITED STATES
CAN WORK MIRACLES IN THE LIVES OF PEOPLE AROUND THE GLOBE.

O I AM CONVINCED OF THAT, AND YOUR PRESIDENT IS CONVINCED. WHAT
REMAINS IS ^{FOR THE} ~~TO TAKE THAT CONVICTION TO~~ ^{THE CONGRESS} CONGRESS.



Congress of the United States

House of Representatives

Washington, DC 20515

HOWARD L. BERMAN

28TH DISTRICT, CALIFORNIA

April 17, 1987

Tom Mure

Dr. Neil Sandberg
The American Jewish Committee
6505 Wilshire Blvd., #315
Los Angeles, California 90048

Dear Neil:

Last week, I stalled a move in the Foreign Affairs Committee which would have cut aid to Israel by \$135 million. The Committee was poised to take this drastic step because of its obligation to comply with the Gramm-Rudman deficit reduction law -- legislation which I fought precisely because it requires blind adherence to arbitrary cuts.

Although the Pollard spy scandal, the Iran arms affair and Israel's sales of arms to South Africa have created problems in U.S.-Israeli relations, Gramm-Rudman is the threat that might actually result in a reduction of U.S. aid to Israel.

Over the last several years, the struggle to reduce the deficit has resulted in serious cuts to foreign aid. While diligent work to this point has protected Israel's funds, aid to some other countries has been slashed by as much as 37%! It is increasingly difficult to protect the full amount of aid to Israel while we are decimating assistance to emerging democracies, countries with U.S. bases and desperately poor countries in Africa and Latin America.

A friend of Israel must also be a friend of foreign aid worldwide, and that is why I have concentrated this year on protecting these funds in the budget. As a first step, I persuaded a group of colleagues to join me in pressuring the Budget Committee to resist proposals to slash foreign aid. As a result, the House-passed Budget had far smaller cuts in foreign assistance than some had intended.

However, the Foreign Aid Bill passed by the Foreign Affairs Committee still allocates more money than the budget resolution allows. I prevented the Committee from making an across-the-board 4.5% cut that would have applied to every foreign aid program -- including aid to Israel. That was a victory, but it may be short lived. Still ahead is the fight over how to distribute the mandated cuts.

In the next weeks, Israel's friends in Congress will have to work harder than ever before to protect the most important item on our agenda -- foreign aid.

Sincerely yours,

Howard

THE AMERICAN JEWISH COMMITTEE

date May 11, 1987
to AJC Officers and Area Directors
from Marc H. Tanenbaum, Director, International Relations
subject WHITE HOUSE CONFERENCE ON FOREIGN AID

The most serious problem facing U.S. diplomacy, the enclosed New York Times editorial (April 24), indicates is that of the foreign affairs budget.

On April 8th, Deputy Secretary of State John Whitehead asked me to meet with him and three of his aides to discuss this problem. (John Whitehead was formerly president of the International Rescue Committee and we became friendly during our work with Vietnamese boat people from 1978-81.) He reported that the budget of the State Department and other foreign policy agencies will probably be cut by fifty percent in 1988-89 unless that budget-cutting trend in Congress is reversed. Already, John said, at least seven U.S. consulates have been closed in various countries, and recruiting of foreign service personnel has been stopped. U.S. lead allocations to the IMF and World Bank will be seriously reduced.

In this atmosphere, there are also proposals in the Congress to reduce aid to Israel by at least \$500 million in 1988-89. Congressman Lee Hamilton has called for a four-and-a-half percent cut in foreign aid across the board.

In 1979, I helped President Jimmy Carter's administration to organize a meeting of religious and civic leaders in the White House who helped save the foreign aid bill from a proposed 18% cut. John Whitehead suggested it would be most useful if such a constituency could be organized now on a voluntary basis to prevent devastating cuts for 1988-89.

To make a long story short, we have taken the initiative with other civic and religious groups -- after consultation with President Ellenoff, Board Chairman Leo Nevas, and IRC chairman Miles Jaffe -- and on May 19th, there will be a high-level meeting at the White House of key religious and civic leaders to mobilize in behalf of maximum foreign aid support, including aid to Israel. Vice-President Bush, Secretary of State Shultz, NSC Director Frank Carlucci, among others, will address the meeting.

We are hoping that a strategy will emerge from this meeting for implementation both nationally and in your local communities. When that strategy is completed, I will send it to you forthwith.

In the meantime, it will be helpful if you would read the enclosed material from the State Department which describes foreign policy areas and how they might be affected by budget cuts.

MHT:RPR
87-550
Enclosures

Defend America With Foreign Aid

What does Secretary of State George Shultz think is the No. 1 problem facing U.S. diplomacy? Answer: The foreign affairs budget now before Congress. It's a budget full of vexing choices: whether to emphasize military security or economic developmental needs . . . whether to focus foreign aid on Israel and Egypt or spread it around more . . . how much to pay for embassy security.

Balancing these needs against hard economic priorities will inevitably shortchange important programs. Congress and the Reagan Administration have to face this and explain it openly, so that harder choices can be made more logically.

The spending squeeze has left Washington unable to keep some consulates open or to meet commitments to the United Nations, multilateral banks and countries where it has base rights. The U.S. has failed to deliver on big money promises to the African front-line states and Central America. This country remains the biggest giver of foreign aid but its share worldwide has dropped from over half in the 50's to less than 30 percent. And the way it spends its foreign affairs dollars has changed dramatically.

Of about \$16 billion, somewhat less than \$3 billion goes to State Department operations. The rest goes to bilateral aid (about \$11 billion), contributions to multilateral organizations and food assistance. In 1973, a quarter of the bilateral aid went to military or strategic purposes; now two-thirds goes for those purposes. And more than 40 percent of all U.S. aid goes to Israel and Egypt.

When so much is designated for only two countries, and when the overall aid program is being cut

to meet deficit reduction targets, two things happen. First, up to 50 and 60 percent of human needs programs is gutted. Second, there's very little to give when a moderate government like Corazon Aquino's in the Philippines needs large infusions of aid, or a politically powerless African country like Mozambique struggles to move away from a centralized economy.

Foreign aid has always demanded statesmanship. Voters forget that most of the money is spent at home; aid-driven trade means more U.S. jobs and better markets; and wise development assistance is cheaper and kinder than rushing in grain once famine hits. But statesmanship seems to have dwindled along with the money.

What Mr. Shultz describes as "a major foreign policy crisis" calls for a new debate. What does America expect of its foreign affairs spending?

Congress has two choices: Find more resources, or use existing ones differently. A good way to approach the first is to realize that U.S. security and interests abroad are served by foreign aid and by a strong diplomatic presence as well as by arms. Why not think of the foreign aid and Pentagon budgets as one security pot? If aid is deemed to have urgency, funds can be taken from the Defense Department. This would require major structural changes in thinking and budgeting. But that's just what may be called for from Congress.

In the meantime, the smaller foreign aid pie must be shared more equitably. There are good reasons to give billions in aid to Israel and Egypt. None of them are good enough to justify eviscerating so many other programs.



The American Jewish
Committee

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April 22, 1987

Hon. John Whitehead
Deputy Secretary of State
Room 7220
U.S. State Department
2201 C Street, NW
Washington, DC 20520

Dear John,

I was very glad to see you again last week.

Jay Morris and I have developed a good working relationship. I take it that he is keeping your office informed of our cooperation in helping organize the consultation at the White House that we had discussed.

I have already sent him a proposed text for a mailgram of invitation and some lists of possible invitees.

It will be important to prepare carefully the presentations for that meeting in order to achieve the desired result.

Enclosed is a copy of the letter that we have just sent to members of Congress in support of aid to Africa.

If I can help in any way, I hope you know that you need only to call me.

Cordially, as ever,

Marc H. Tanenbaum
Director
International Relations

MHT:RPR

Enclosure

bc: Amb. Richard Schifter

Consequences of Funding Reductions

Question: If you had to live with a freeze at 1987 Continuing Resolution levels, what would be the consequences in terms of foreign policy interests? What would be sacrificed if you were cut by 5% from 1987 CR levels? What about 10%?

The FY 1988 request for Development Assistance (DA) and the Economic Support Fund (ESF) represents the minimum funding necessary to address our developmental, humanitarian, and security objectives. The CR level represents cuts of 6% and 1% in DA and ESF respectively (excluding deob/reob) from the Request. A level of 5% below the CR results in cuts from the Request of 14% in DA and 6% in ESF. Similarly, a level 10% below the CR, cuts DA by 18% and ESF by 11%.

Reduction to the FY 1987 CR Level

The FY 1988 Request reflects a modest increase over FY 1987. Increases include: the Development Fund for Africa; increased ESF funding for LAC; Disaster Assistance; and increased OE.

Holding FY 1988 to the CR level would undercut the Development Fund for Africa (which increases DA/ESF funding from \$487 million to \$600 million in FY 1988), delay the initiative in Southern Africa, and cut back resources for priorities such as natural resources, food production, and efforts to help control the growing grasshopper disaster.

In LAC, the ESF increase restores funding for the support of democracy under the Central America Initiative. A reduction to the CR level also undercuts plans for increased ESF aid to the Caribbean and Andes countries.

The increase in Disaster Assistance (\$20 million to \$25 million) reflects the need to have adequate funding available for critical disaster requirements.

The increase in OE reflects mainly the elimination of the use of program funds for OE, funding for the new retirement system, and the FY 1987 pay raise. Holding OE to FY 1987 levels could force cutbacks in staffing which would impair A.I.D.'s ability to manage its programs.

Reductions of 5% and 10% from the CR Level

Africa. Cuts of 5%-10% from FY 1987 would reduce our aid to many African nations which are experiencing decline in per capita income, growing populations, and health deficiencies. The U.S. would be hamstrung in efforts to influence change in Southern Africa, and the Administration's commitment to assist Africa would be in question when many African countries have undertaken economic reforms.

Asia and Near East. Reductions of 5%-10% in ESF would impact countries which are not earmarked. Israel, Egypt, and Pakistan

account for 80% of the CR levels. Base rights countries are another 12% of the CR level. For reductions, we would have to either break earmarks, default on base rights/military access commitments or take the reduction entirely from unearmarked but important programs such as Jordan, Ireland, and Morocco.

DA cuts of 5%-10% would be magnified because of the need to make up DA increases for Pakistan (and probably Afghanistan) within bureau levels. Programs for important countries such as Indonesia and India would have to be reduced. DA cuts may force reductions in countries which are important in the fight against narcotics such as Thailand and Burma. Reduced DA levels in the Philippines would hinder rural development and undercut efforts towards democracy and pacification.

Latin America and the Caribbean. DA/ESF reductions in Central America would hinder achievement of objectives in Central America under the Jackson Plan. Specifically, the success of several politically difficult economic reform programs would be undermined; economic growth would suffer; unemployment would rise; political support for democratic government would be threatened; and the likelihood of debt default would increase.

In the Andes, cuts would undermine economic stabilization and curtail anti-narcotics programs, allowing the drug trade to threaten the political stability of several countries. Failure to provide the resources to battle narcotics increases the potential of a very dangerous linkage with terrorist groups.

Cuts in the Caribbean countries could impede export-oriented agricultural diversification programs and could undermine support for the Caribbean Basin Initiative endangering economic and political stability in the region.

Central Programs. A reduction of 5% for S&T would jeopardize support for the International Agricultural Research Centers, prevent expanding research in biological diversity, and could force the scaling back of malaria vaccine testing. Reductions of 10% would prevent meeting increasing requests to support population efforts, prevent A.I.D. from meeting commitments to HBCUs, and hinder an adequate response to AIDS.

In FVA, cuts of 5%-10% from the CR would be reflected in reduced PVO levels which would send the worst possible signal to the PVO community and call into question our ability to comply with the 13.5% earmark/16% target for PVO funding.

In PRE, a 5% reduction from the CR constrains PRE's ability to develop prototype projects and provide mission support. New health and agriculture initiatives would be shelved. Cuts of 10% from the CR level would undermine the objective of seeking market solutions to development problems and eliminate the use of foreign assistance as leverage to attract private funds. The net result of reductions to PRE would be stagnation of the innovative private enterprise-based development program.

NEWS FROM THE Committee



The American Jewish
Committee

Institute of Human Relations
165 East 56 Street
New York, New York 10022
212 751-4000
Morton Yarmon
Director of Public Relations

The AJC protects the rights and freedoms of Jews the world over; combats bigotry and promotes human rights for all people; defends pluralism and enhances the creative vitality of the Jewish people; and contributes to the formulation of American public policy from a combined Jewish and American perspective. Founded in 1906, it is the pioneer human-relations agency in the U.S.

FOR IMMEDIATE RELEASE

NEW YORK, APRIL 23...The American Jewish Committee today urged support for an increase in development assistance for famine-stricken sub-Saharan Africa in 1988 foreign aid authorization legislation.

In letters to all 19 members of the Senate Foreign Relations Committee, Theodore Ellenoff, AJC president, and Miles Jaffe, chairman of AJC's International Relations Commission, said that while difficult budgetary issues existed, they should not be given priority over aid which "can indeed prove fiscally responsible and cost effective in fostering growth and well being in Africa, thereby contributing to the peace and stability of that continent."

Since the mid-1960's, AJC's International Relations Department has been deeply involved in seeking to relieve problems of world refugees, and hunger in Africa, Southeast Asia, Latin America, and the Middle East. This latest action is an extension of that long-standing AJC policy.

The text of the letter follows:

As the Senate Foreign Relations Committee begins mark-up of Title III of FY 1988 foreign aid authorization legislation, we urge you, in behalf of the American Jewish Committee's 50,000 members nationwide, to support an increase in development assistance for sub-Saharan Africa from the 1987 FY allocation.

For a number of years, our agency has joined with like-minded voluntary organizations across the country to support generous public and private assistance to address the emergency requirements of famine-stricken sub-Saharan Africa. But we also recognize that the most effective means of averting future human catastrophes lies in addressing such long-term issues as the continent's compelling development needs.

We are aware of the difficult budgetary questions facing the Committee, but believe that the tragic cycle of declining food production, endemic poverty, high infant mortality rate and famine in Africa require a commensurate response from our country and other developed nations. We believe that such aid can, indeed, prove fiscally responsible and cost effective in fostering increased growth and well-being in Africa, thereby contributing to the peace and stability of that continent.

The American Jewish Committee is this country's pioneer human relations organization. Founded in 1906, it combats bigotry, protects the civil and religious rights of Jews here and abroad, and advances the cause of improved human relations for all people everywhere.

* * *

87-960-71 PEI-7037
5/8/87 /SM
AJRZ

Theodore Ellenoff, President; Leo Nevas, Chair, Board of Governors; Robert S. Jacobs, Chair, National Executive Council; Edward E. Elson, Chair, Board of Trustees.

David M. Gordis, Executive Vice-President

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****HAND DELIVERY****

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RABBI MARC H TANENBAUM
DIRECTOR OF INTERNATIONAL RELATIONS
AMERICAN JEWISH COMMITTEE
165 E 56TH ST
NEW YORK, NY 10017

ORIGINALLY (36-6 0509) ADDRESSED TO:
351 FIFTH AVENUE 27TH FLOOR
NEW YORK NEW YORK 10017

I WOULD LIKE TO INVITE YOU TO JOIN A SELECT GROUP OF KEY RELIGIOUS LEADERS TO COME TO WASHINGTON TO DISCUSS THE MORAL AND PRACTICAL ASPECTS OF THE FOREIGN AFFAIRS BUDGET CRISIS. MANY FOREIGN AFFAIRS CONCERNS INCLUDING REFUGEES AND OTHER HUMANITARIAN PROGRAMS ARE AT RISK UNLESS WE HAVE THE RESOURCES TO CARRY OUT THESE PROGRAMS. THE MEETING WILL BEGIN AT THE WHITE HOUSE ON MAY 19, 1987 AT 10:45 AM. VICE PRESIDENT BUSH AND OTHER SENIOR ADMINISTRATION OFFICIALS WILL TELL YOU ABOUT THE PROBLEMS WE FACE WITH THE BUDGET. FOLLOWING THE WHITE HOUSE SESSION, I WOULD LIKE FOR YOU TO COME TO THE STATE DEPARTMENT TO DISCUSS THIS CRITICAL ISSUE IN GREATER DETAIL. I HAVE ASKED UNDER SECRETARY FOR SECURITY ASSISTANCE ED DERWINSKI, OUR MAN IMMEDIATELY RESPONSIBLE FOR THE BUDGET, TO HOST A LUNCH IN YOUR HONOR ON MAY 19 AT 12:30 PM. I LOOK FORWARD TO JOINING YOU LATER IN THAT SESSION. THE LUNCHEON WILL ADJOURN AT APPROXIMATELY 2:00 PM.

FOR SECURITY REASONS, WE WILL NEED TO KNOW AS SOON AS POSSIBLE IF YOU WILL BE ABLE TO JOIN US TO DISCUSS THIS VITAL SUBJECT. PLEASE CONTACT PAMELA GARDNER (202) 647-1735 BEFORE MAY 13 TO INDICATE YOUR ACCEPTANCE.

SINCERELY,

GEORGE P. SHULTZ
SECRETARY OF STATE

U S DEPARTMENT OF STATE WASHINGTON D C 142407 773L
NNNN

TALKING POINTS FOR
NATIONAL SECURITY COUNCIL REPRESENTATIVE
LT GEN COLIN POWELL

O MR. REDMAN HAS RELATED THE IMPACT CONGRESS'S CUTS WILL HAVE ON THE STATE DEPARTMENT BUDGET. THERE HAVE BEEN DRASTIC REDUCTIONS IN ECONOMIC ASSISTANCE AND OTHER AREAS AS WELL. AND THAT'S WHAT I WANT TO ADDRESS TODAY.

O FIRST LET ME SAY THAT A WEAKENING OF ANY OF OUR NATIONAL SECURITY, DIPLOMATIC, OR ECONOMIC ASSISTANCE PROGRAMS MEANS A "DE FACTO" WEAKENING OF AMERICAN LEADERSHIP IN PROMOTING HUMANITARIAN CONCERNS, UPHOLDING DEMOCRATIC IDEALS, AND FOSTERING ECONOMIC AND POLITICAL STABILITY THROUGHOUT THE WORLD.

O HERE ARE THE FACTS:

O INTERNATIONAL AFFAIRS FUNDING AVAILABLE TO SUPPORT OUR FOREIGN POLICY OBJECTIVES HAS BEEN SLASHED FOR TWO CONSECUTIVE YEARS.

O USING FY 1985 AS A BASE, WE SUSTAINED A \$5 BILLION REDUCTION IN FY 1986 AND AN \$8 BILLION CUT IN FY 1987.

- O WHEN YOU FACTOR IN EARMARKINGS, THE SITUATION IS EVEN MORE GRIM. FOR FY 1987, FUNDS AVAILABLE TO NON-EARMARKED COUNTRIES ARE 57% BELOW OUR REQUEST FOR ECONOMIC ~~SUPPORT~~ ^{ASSISTANCE} AND 63% BELOW OUR REQUEST FOR MILITARY ASSISTANCE.

- O IN FACT, SPECIFIC COUNTRY EARMARKS ABSORB A TOTAL OF \$2.785 BILLION OR 78% OF THE APPROPRIATION, COMPARED TO \$2.461 BILLION OR 70% OF THE APPROPRIATION IN FY 1986.

- O AND CONGRESS IS UP TO ITS EYEBALLS IN EARMARKS AGAIN FOR 1988.

- O NOT ONLY DOES EARMARKING ALMOST ALWAYS MEAN MORE REDTAPE AND LESS BANG FOR THE TAX DOLLAR, AT WORST IT TURNS INTO A VERY VICIOUS POPULARITY CONTEST -- THE COUNTRIES WITH THE BEST CONGRESSIONAL LOBBY GET THE MOST MONEY.

- O IT SHOULD COME AS NO SURPRISE TO YOU TO LEARN THAT SOME OF THE NEEDIEST COUNTRIES ARE ALSO THE COUNTRIES WITH THE SMALLEST CONSTITUENCIES. THEIR VOICES SIMPLY CAN'T RISE ABOVE THE EARMARKING DIN.

- 0 HERE ARE SOME THINGS OUR FOREIGN ASSISTANCE PROGRAM CANNOT ACCOMPLISH.
- 0 WE CANNOT MEET OUR BASE RIGHTS COMMITMENTS IN TURKEY, SPAIN, PORTUGAL, GREECE AND THE PHILIPPINES.
- 0 WE CANNOT MEET OUR OBLIGATIONS TO THE MULTILATERAL BANKS. IN FACT, WE ARE ALREADY \$207 MILLION IN ARREARS TO ^{THE WORLD BANK'S} IDA. AS A RESULT, THE UNITED STATES STANDS TO LOSE ITS LEADERSHIP POSITION AND ABILITY TO INFLUENCE THE INTERNATIONAL DONOR COMMUNITY. ALSO, OUR EFFECTIVENESS IN LEVERAGING THE WORLD BANK, REGIONAL BANKS AND OTHER DONORS ON PRIVATIZATION AND POLICY REFORM WILL BE UNDERMINED.
- 0 WE CANNOT ADEQUATELY FUND OUR BILATERAL AFRICAN ECONOMIC REFORM PROGRAM.
- 0 WE CANNOT PURSUE DEMOCRATIC STABILIZATION, ECONOMIC REFORM AND RELATED ANTI-NARCOTICS EFFORTS IN SOUTH AMERICA.
- 0 WE CANNOT ADEQUATELY SUPPORT COUNTRIES FACED BY COMMUNIST OR LIBYAN AGGRESSORS ACROSS THEIR BORDERS -- KOREA, PAKISTAN, THAILAND, CHAD, TUNISIA.
- 0 AND WE CANNOT MEET THE OBJECTIVES OF THE BIPARTISAN COMMISSION ON CENTRAL AMERICA. WE HAVE CLOSE TO A \$1 BILLION SHORTFALL THROUGH FY 1987.

- O NOW LET ME TALK ABOUT DEVELOPMENT ASSISTANCE.

- O THE GENERAL TREND OVER THE PAST FEW YEARS HAS BEEN FOR CONGRESS TO FOCUS ON SHORT-TERM EMERGENCIES TO THE DETRIMENT OF LONG-TERM SOLUTIONS.

- O FOR EXAMPLE, THE UNITED STATES LED A HEROIC EFFORT AGAINST THE FAMINE IN SUB-SAHARAN AFRICA. YOU HELPED IN THAT EFFORT. THE REAGAN ADMINISTRATION PROVIDED OVER 3 MILLION TONS OF FOOD TO AFRICA IN A 12 MONTH PERIOD IN 1984 AND 1985. AND THE EFFORT WAS A SUCCESS.

- O ALTHOUGH LEVELS OF FOOD AID HAVE DROPPED SINCE THEIR PEAK IN 1985, CONGRESS IS HOLDING TO THE LEVELS WE HAVE ASKED FOR IN 1988.

- O BUT WHILE THEY ARE DOING THIS, THEY ARE MAKING DEEP CUTS IN SCIENCE AND TECHNOLOGY PROGRAMS AND AGRICULTURE AND RURAL DEVELOPMENT PROGRAMS -- THE VERY PROGRAMS THAT HOLD THE KEY FOR LONG-TERM FOOD SELF SUFFICIENCY FOR AFRICA AND OTHER COUNTRIES.

- 0 FURTHER CUTBACKS IN U.S. SUPPORT TO INTERNATIONAL AGRICULTURAL RESEARCH WILL FURTHER JEOPARDIZE PROGRAMS TO KEEP ASIA AND AFRICA VARIETIES FREE OF DISEASE AND RESISTANT TO PESTS -- WITH DEVASTATING EFFECT ON FOOD PRODUCTION.

- 0 HERE IS SOME VERY DISTURBING NEWS:

- 0 THE UNITED STATES HAS PROVIDED \$1 BILLION OR MORE TO AGRICULTURE DEVELOPMENT INITIATIVES EACH OF THE PAST FIVE YEARS. BUT IN 1988, FOR THE FIRST TIME IN FIVE YEARS, THAT AMOUNT WILL DROP BELOW THE BILLION-DOLLAR FIGURE.

- 0 WHY SO MUCH CONCERN ABOUT AGRICULTURAL DEVELOPMENT?

- 0 BECAUSE THE ONLY WAY A DEVELOPING NATION BECOMES A SIGNIFICANT TRADING PARTNER WITH THE UNITED STATES -- AND GAIN ECONOMIC STABILITY -- IS TO EXPERIENCE BROAD-BASED ECONOMIC GROWTH. AND THE FIRST STEP IN CREATING WEALTH IN MOST POOR COUNTRIES IS THROUGH INCREASING THE PRODUCTIVITY OF THE MANY SMALL, SUBSISTENCE FARMS.

- 0 AS MORE FOOD BECOMES AVAILABLE, DIETS IMPROVE AND PEOPLE BECOME MORE PRODUCTIVE.

- O WHICH BRINGS ME TO ONE LAST AREA OF CUTBACK CONCERN.
- O THE SIGNIFICANT REDUCTIONS IN DEVELOPMENT ASSISTANCE PROPOSED BY CONGRESS WILL STIFLE OUR PRIVATE SECTOR ASSISTANCE EFFORTS.
- O PROJECTS THAT ASSIST JOINT U.S. AND HOST COUNTRY BUSINESSES WILL HAVE TO BE ABANDONED OR GREATLY CURTAILED. ENTREPRENEURIAL ACTIVITY BY PEOPLE IN DEVELOPING COUNTRIES WILL LIKELY DROP OFF. PERHAPS THE MOST CREATIVE SPARK OF THIS ADMINISTRATION'S FOREIGN AID PROGRAM WILL SLOWLY AND SADLY SMOLDER -- AND WITH IT WILL DIE THE DREAMS OF MANY A THIRD WORLD ENTREPRENEUR.
- O LET ME END BY SAYING THIS: THERE IS ALREADY GRAVE CONCERN AMONG DEVELOPING NATIONS ABOUT HOW THEY ARE GOING TO MAKE ENDS MEET.
- O THERE IS ALREADY A SENSE AMONG LESSER DEVELOPED NATIONS THAT THERE IS NO ONE TO WHOM THEY CAN TURN FOR HELP.
- O THERE IS A SENSE OF BETRAYAL. THERE IS ANGER. THERE IS FRUSTRATION.
- O WORST OF ALL, THERE IS A LACK OF HOPE AND A LACK OF WILL TO LOOK TO THE FUTURE WITH CONFIDENCE.
- O THE TIME TO REVERSE THIS DESPAIR AND SENSE OF ISOLATION IS NOW.

TALKING POINTS ON FOREIGN ECONOMIC ASSISTANCE
PREPARED FOR
COUNSELOR EDWARD J. DERWINSKI

O THE VICE PRESIDENT AND OTHERS HAVE TOLD YOU THAT AMERICA HAS RETREATED FROM ITS FOREIGN AID AND NATIONAL SECURITY COMMITMENTS.

O WHEN THE NUMBERS FROM THE BUDGET ACCOUNTS ARE ALL CRUNCHED, AND THE EARMARKS ALL ACCOUNTED FOR, WHAT IS AMERICA LEFT WITH? WE ARE LEFT WITH A FOREIGN ASSISTANCE AND NATIONAL SECURITY PROGRAM THAT IS:

- LIGHT ON MONEY;
- HEAVY ON BUREAUCRACY;
- AND SHORT ON VISION.

O WE ARE LEFT WITH A PROGRAM DESIGNED FOR MEMBERS OF CONGRESS WHO LIVE POLITICAL LIVES OF TWO, FOUR, AND SIX YEARS. WE DO NOT HAVE A PROGRAM DESIGNED TO FOSTER ANYWHERE NEAR A LIFETIME OF HOPE, HEALTH, FREEDOM, AND ECONOMIC OPPORTUNITY FOR PEOPLE IN UNDERDEVELOPED COUNTRIES.

O IT IS, I WILL GRANT THE MEMBERS OF CONGRESS, AN ASSISTANCE PROGRAM THAT PLAYS WELL WITH OUR CONSCIENCES:

- BUDGET LEVELS FOR CHILD SURVIVAL HAVE NOT BEEN CUT;
THEY HAVE BEEN INCREASED A LITTLE.

-FUNDING HAS BEEN SET ASIDE FOR EDUCATION, PARTICULARLY EDUCATION DURING THE EARLY YEARS OF A PERSON'S LIFE.

-THE URGENT HEALTH CARE NEEDS OF YOUNG CHILDREN AND MOTHERS ARE LOOKED AFTER IN THIS BUDGET.

-AND DON'T LOOK FOR DISASTER ASSISTANCE TO BE CUT EITHER.

O THE BUDGET WE HAVE BEEN MAILED BACK FROM CONGRESS IS TRULY HEARTWARMING. BUT IT JUST ISN'T VERY PRACTICAL. AND IT JUST ISN'T ENOUGH!

O DEVELOPMENT IS MORE THAN SAVING A CHILD'S LIFE -- IT IS SAVING THAT LIFE, AND THEN GIVING THAT CHILD THE OPPORTUNITY TO GROW TO HIS OR HER FULL POTENTIAL.

O AND TO DO SO IN A COUNTRY WHOSE IDEALS OF DEMOCRACY AND FREE ENTERPRISE ARE CHAMPIONED AND PROTECTED AS ONLY THE UNITED STATES CAN CHAMPION THEM AND PROTECT THEM.

O AMERICA'S ECONOMIC ASSISTANCE SHOULD NOT BE DESIGNED TO STOP WHEN A CHILD REACHES FIVE, AND THEN BEGIN AGAIN WHEN THAT SAME INDIVIDUAL IS STARVING AT AGE TWENTY, OR TRYING TO DIG OUT FROM AN EARTHQUAKE AT AGE THIRTY-FIVE.

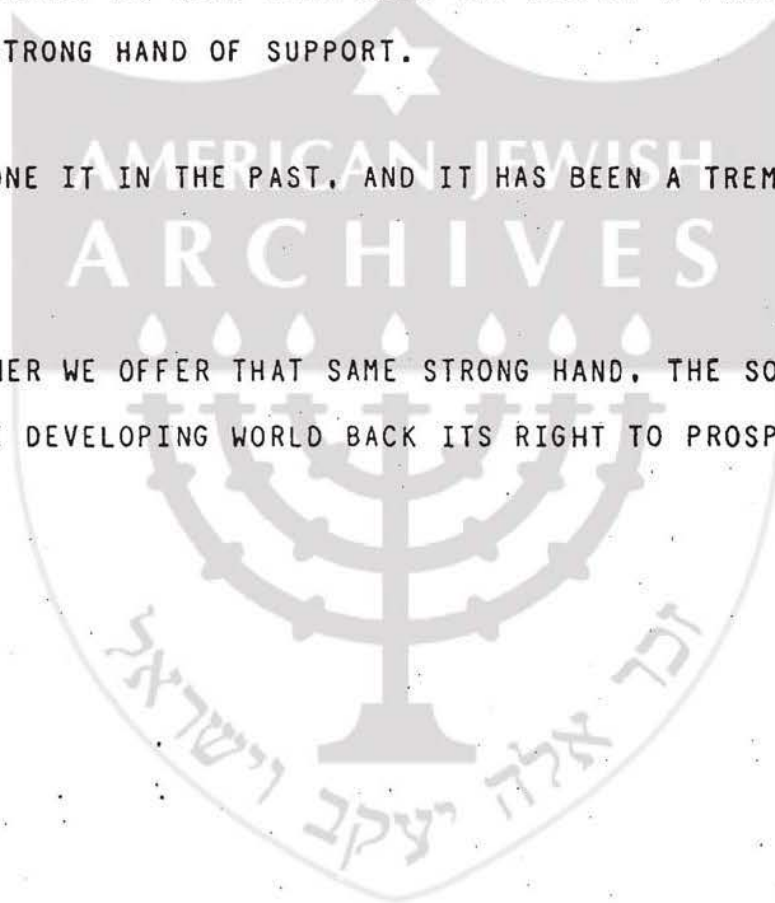
- O ULTIMATELY, A SHORT-SIGHTED AND UNDERFUNDED FOREIGN AID PROGRAM WILL MEAN THAT MORE CRISIS FUNDING TO LESSER DEVELOPED NATIONS WILL BE NEEDED FROM YOUR OWN CONGREGATIONS AND THE PRIVATE VOLUNTARY ORGANIZATIONS THAT YOU SUPPORT SO GENEROUSLY.
- O I AM NOT DOUBTING THE AMERICAN PEOPLE'S CAPACITY TO DIG EVER DEEPER TO HELP PEOPLE IN NEED. NOT ONLY ARE AMERICAN'S GENEROUS ALMOST BEYOND BELIEF, BUT THIS COUNTRY IS BLESSED WITH THE MOST EFFECTIVE SYSTEMS FOR CARING IN THE WORLD.
- O YOU HELPED BUILD THOSE SYSTEMS, AND THEY WORK. WHAT PEOPLE GIVE OUT OF THEIR OWN POCKETS TO HELP DEVELOPING NATIONS IS USED WISELY AND WELL.
- O IT'S NO OVERSTATEMENT TO SAY THAT YOUR CONGREGATIONS ARE SAVING LIVES.
- O BUT WITH SOME LONG-TERM THINKING ON THE PART OF CONGRESS, YOU AND YOUR CONGREGATIONS COULD BE PART OF SOMETHING MORE PROACTIVE, AND MORE PERMANENT.
- O THE PRESENT BACKING AWAY FROM OUR FOREIGN AID AND NATIONAL SECURITY COMMITMENTS IS ALMOST ASSURING THAT DEMOCRACY WILL HAVE A HARDER ROW TO HOE. IT IS A SURE-FIRE SENARIO FOR MAKING DREAMS EVAPORATE JUST WHEN THEY'RE WITHIN REACH.

O IN TERMS OF COMING CLOSE TO MEETING REAL NEED AND GENERATING NOTICEABLE DEVELOPMENT AND ECONOMIC TURNAROUND, ASSISTANCE IS AT A FINGER-IN-THE-DIKE LEVEL.

O WE LIVE IN THE WEALTHIEST, STRONGEST NATION IN THE WORLD. WE CAN CERTAINLY DO MORE THAN LEND THE NUB OF A FINGER. WE CAN LEND A STRONG HAND OF SUPPORT.

O WE'VE DONE IT IN THE PAST, AND IT HAS BEEN A TREMENDOUS HELP INDEED.

O THE SOONER WE OFFER THAT SAME STRONG HAND, THE SOONER WE WILL GIVE THE DEVELOPING WORLD BACK ITS RIGHT TO PROSPER AND TO DREAM.



DRAFT

AMERICAN JEWISH COMMITTEE

STATEMENT ON ARAB-ISRAEL PEACE PROCESS

Some recent developments within the Middle East and in the international arena have raised hopes that now may be an opportune time to resume the long stalemated Arab-Israel peace process.

Of particular significance is the breakthrough reportedly achieved in secret negotiations between King Hussein of Jordan and Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin of Israel. The procedural agreement, which was achieved with the help of American officials, meets Jordan's need for an international umbrella by having the United Nations Secretary-General invite the five permanent members of the Security Council to convene a conference based on UN Security Council Resolutions 242 and 338. To meet Israel's requirement that negotiations be direct and bilateral, the procedural agreement states that the conference will invite "geographical bilateral" committees to conduct the actual negotiations.

Serious questions remain, however, as to whether the Soviet Union can effectively be limited to a ceremonial role and whether King Hussein will be able to find representative Palestinians who are prepared to participate in a joint Jordanian-Palestinian delegation.

We naturally welcome any initiative that seeks to build upon the Egyptian-Israeli Peace Treaty and to achieve a comprehensive peace between Israel and its Arab neighbors as envisaged in the Camp David Accords and on the basis of United Nations Security Council Resolutions 242 and 338.

It is important to reaffirm that those resolutions inextricably link any withdrawal by Israel's Defense Forces from "territories occupied" in the June 1967 War to termination on the part of the Arabs of "all claims or states of belligerency" and their acknowledgment of

"the sovereignty, territorial integrity and political independence of every State in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force." In Resolution 338 of 1973 the Security Council unanimously decided that the way to implement Resolution 242 was through negotiations between the Arab states and Israel.

We urge the United States, which has played a useful role in facilitating direct negotiations between Egypt and Israel, to continue to stress the importance of direct bilateral negotiations between Israel and its Arab adversaries to establish final borders and settle all other outstanding issues. We call on the U.S. Government to provide the necessary assurances to Israel that it will effectively oppose any attempt by outside powers to impose a settlement.

We have in the past noted the obstructive role of the Soviet Union, which continues to arm and support some of the most radical anti-American and anti-Israeli elements in the Arab world. While there have been hints from Moscow of impending changes in policy under the leadership of General Secretary Gorbachev, thus far the Soviet Union has not given clear evidence of a positive change in its position. Such acts as restoring of diplomatic ties with Israel, the granting of permission for significant numbers of Russian Jews to emigrate, and restraint in support for Syrian and Palestinian anti-Israeli positions are the kinds of signals required to convince the skeptics in Israel and the United States who are naturally wary of any legitimization and formalization of the Soviet Union's role in the peace-making process.

Careful preparation, continuing close coordination by the United States and Israel, and advance agreement on the ground rules among all the participants are necessary if a proposed international conference is not to turn into yet another attempt to pressure and pillory Israel.

As was clearly demonstrated by the resolutions adopted at the recent Palestine National Council session in Algiers on April 26, the Palestine Liberation Organization is not a suitable partner for peace

talks. Not only did the PLO's "parliament in exile" reject UN Security Council 242, but in flagrant disregard of the UN's requirement of peaceful resolution of disputes, the PLO reaffirmed its commitment to armed struggle "until Palestine is liberated, until the Palestine people return to their land, and until the Palestinian banners are raised in holy Jerusalem."

Moreover, the PLO condoned terrorism by allowing Mohammed Abbas, the mastermind of the Achille Lauro attack, to remain on its executive committee, rejected the Camp David Accords and all other American-sponsored peace efforts, and reaffirmed its support of the notorious UN General Assembly resolution equating Zionism with racism. The PLO also broadened its executive committee to include leaders of radical Marxist and Communist groups, and supported the Soviet Union's initiative in the region. The PLO insisted that it "participate on an equal footing with the other parties" in any international conference. While acknowledging the "special and distinctive relations" that link the Jordanian and Palestinian people, the PLO at its Algiers conference insisted that an independent Palestinian state must first be established and that "any future relationship should be...on confederal bases between two independent states."

We urge that the United States remain steadfast in its position that only those Palestinians who renounce terrorism and clearly express a readiness for peaceful coexistence with a sovereign and secure State of Israel are suitable participants in any forthcoming peace negotiations.

We hope and pray that with patience, prudence and perseverance the present peace efforts will begin to bear fruit.

unanimously
Approved ~~by~~ at the P²lenary Session of the American Jewish
87-580 Committee's 81st Annual Meeting, Sunday, May 17, 1987
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New York