

LEGISLATIVE COUNSEL

FILE COPY

Calendar No. 424

92D CONGRESS }
1st Session }

SENATE

REPORT
No. 92-431

PROVIDING FOREIGN MILITARY AND RELATED
ASSISTANCE AUTHORIZATION FOR 1972.

NOVEMBER 8, 1971.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted
the following

REPORT

together with

SUPPLEMENTAL VIEWS

[To accompany S. 2819]

The Committee on Foreign Relations, having had under consideration the authorization and appropriations for fiscal year 1972 for foreign military assistance, reports the bill (S. 2819), to provide foreign military and related assistance authorizations for fiscal year 1972, and for other purposes, and recommends that it do pass.

1. PRINCIPAL PURPOSE OF THE BILL

The principal purpose of the bill is to authorize appropriations for FY 1972 for foreign military assistance, military credit sales, and supporting, or budgetary, assistance. This will be an interim authorization to allow continuation of these programs, at a reduced level, pending enactment of a new and drastically revised military assistance program in the next session of Congress.

The bill authorizes a total of \$1,185,000,000 for these programs, a reduction of \$798,000,000 from the amount requested by the Executive Branch.

The following table provides information on the amounts to be authorized:

MILITARY AND RELATED ASSISTANCE, FISCAL YEAR 1972

(In thousands of dollars)

	Authorization request	Committee recommendation
1. Military assistance grants		
2. Supporting assistance-general	\$705,000	\$350,000
(a) Israel	768,000	350,000
3. Military credit sales		85,000
(a) Appropriation	510,000	400,000
(b) Authorized ceiling general	(582,000)	(250,000)
(1) Israel		(300,000)
Total	1,963,000	1,185,000

2. OTHER PURPOSES OF THE BILL

In addition to authorizing appropriations as detailed, the bill also does the following:

1. Declares a national policy that all U.S. forces be withdrawn from Indochina within six months, subject to release of prisoners of war.
2. Provides for funding of military aid to Thailand from the regular Military Assistance Program beginning July 1, 1972.
3. Imposes a ceiling of \$341,000,000 on obligations and expenditures in or for Cambodia in FY 1972 and puts a ceiling of 200 on the number of American civilian and military government personnel in Cambodia.
4. Requires the President to submit to Congress a country-by-country list of foreign aid allocations within 30 days after passage of the appropriation bill and permits a maximum 10% increase in aid in each category and country by transfer of funds from other countries or programs without advance notice to Congress.
5. Requires advance notice to Congress before use by the President of the transfer, waiver, and certain other special authorities available to him under the Foreign Assistance Act.
6. Requires a 25% cutback by September 30, 1972 in the number of U.S. military personnel assigned abroad to military advisory missions or similar groups.
7. Requires 25% payment in foreign currency for U.S. military grant aid.
8. Prohibits waiving by the President of the ceilings on military aid and sales to Latin America and Africa.

3. COMMITTEE ACTION

H.R. 9910, the omnibus foreign aid bill passed by the House of Representatives, was reported by the Committee to the Senate on October 21, 1971. It was debated in the Senate on October 26, 27, 28, and on the 29th it was defeated by a vote of 27 yeas to 41 nays.

The Committee met in executive session on November 1 to discuss further action on foreign aid legislation. It heard Secretary of State William P. Rogers and Dr. John A. Hannah, Administrator of the Agency for International Development, in executive session on November 3. On November 4 the Committee by a vote of 15 to 0 decided to report this interim, stopgap measure to the Senate, along with a separate bill to authorize funds for bilateral economic, humanitarian, and multilateral assistance.

The defeat of H.R. 9910 by the Senate was obviously the result of a number of factors. One of those was the fact that, traditionally,

authorizations for foreign development, humanitarian, and military programs have been lumped into one bill, forcing members of the Senate to take—or reject—the good with the bad, according to how they viewed each category. In the past this Committee has urged separate bills for economic and military assistance but has failed to persuade the House of Representatives on the merits of separating the two programs. The Committee last tried to separate the economic and military programs in 1966. Its report on the economic aid bill said this about the problem:

A majority of the committee believes that handling programs by separate bills will allow each to stand on its own merits and that the public will gain a better understanding of the distinctions between the two programs. It has been argued that the economic aid program may be emasculated by the Congress if military assistance is not a part of the package. If the economic aid program is so distasteful to the public and the Congress, it should not continue to have a free ride on the back of military aid. Congress should have the opportunity to consider the program as a separate measure and shape it to more acceptable proportions if it is that unpopular.

The Committee has decided to report two separate bills which will permit Senators to weigh each major category of aid on its own merits. No longer will either category ride on the back of another program. Each major category will stand or fall by itself.

The Committee wishes to make it clear that the authorizations it has approved are for an interim program to phase-out the old programs—economic and military—while the Committee works to develop a new program next session, one that, hopefully, will command the support of both Congress and the public, which foots the bills for foreign aid.

COST ESTIMATES

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires that committee reports on bills and joint resolutions contain: "(A) an estimate, made by such committee, of the costs which would be incurred in carrying out such bill or joint resolution in the fiscal year in which it is reported and in each of the five fiscal years following such fiscal year . . ."

This bill authorizes foreign military assistance only through the remainder of FY 1972 and it is intended as an interim, temporary measure to bridge the gap until a new foreign aid program is formulated next year. It is impossible to predict, at this time, the size or scope of that new foreign military assistance program.

The estimated costs in FY 1972 for carrying out the programs to be authorized by this bill are \$1,185,000,000 plus certain related administrative expenses, such as the cost of maintaining military aid missions abroad.

SECTION-BY-SECTION ANALYSIS

Section 2—Statement of Policy

Section 2 states the policy that the bill is intended as an interim measure to carry forward for fiscal year 1972 United States bilateral military assistance and military credit sales programs authorized by

the Foreign Assistance Act of 1961 and the Foreign Military Credit Sales Act. It states Congress' intention to reevaluate, at the earliest possible date, the United States foreign assistance program, including foreign military sales, and to develop a new program for the future. Accordingly, the section states, the bill looks to a phase-out of the current program and to the establishment of a new one which will command the respect and the support of Congress and the American people.

Section 3--Authorizations

Section 3 authorizes appropriations for FY 1972 for supporting assistance, military grant assistance, and military credit sales.

Subsection 3(a)(1) authorizes an appropriation of \$350,000,000 in fiscal year 1972 for security supporting assistance.

The authorization recommended by the Committee may be compared to the following:

Security Supporting Assistance

1. Fiscal year 1970 appropriation	\$396,000,000
2. Fiscal year 1971 appropriation (does not include funds for UNRWA)	556,300,000
3. Fiscal year 1972 authorization request	768,000,000
4. Committee recommendation	350,000,000

Supporting assistance provides budgetary or similar support to certain less developed countries which spend a large portion of their budget resources for military purposes.

Subsection 3(a)(2)--Supporting Assistance for Israel

Subsection 3(a)(2) authorizes an appropriation of \$85,000,000 in supporting assistance for Israel. This special authorization recognizes the severe strains placed on Israel's economy because of the critical situation in the Middle East.

Subsection 3(a)(3)--Military Grant Assistance

Subsection 3(a)(3) authorizes an appropriation of \$350 million in fiscal 1972 for military grant assistance.

Military assistance funding--comparative data

1. Fiscal year 1970 appropriation	\$350,000,000
2. Fiscal year 1971 appropriation	1,690,000,000
3. Fiscal year 1972 authorization request	705,000,000
4. Committee recommendation	350,000,000

¹ Plus \$60,000,000 in funds transferred from supporting assistance.

As the following data indicates, the regular MAP program funded through the authorization in this bill is only a portion of the overall military assistance provided to other nations.

Military assistance and related programs--proposed fiscal year 1972 levels

	Millions
Military Assistance Service Funded	\$2,230.8
Military Assistance Program	731.5
Foreign Military Credit Sales	582.0
Excess Defense Articles ¹	324.0
Ship loans ²	90.1
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	3,958.4

¹ Valued at approximately one-third of acquisition cost.

² Valued at acquisition cost.

PROPOSED MILITARY ASSISTANCE AND RELATED PROGRAMS FOR FISCAL YEAR 1972, BY REGIONS AND MAJOR RECIPIENTS

[In millions of dollars]

Region/country	Regular MAP	Other military programs	Total
East Asia and Pacific.....	\$501.1	\$2,523.0	\$3,024.1
Cambodia.....	200.0	11.0	211.0
Indonesia.....	24.9	3.0	27.9
Korea.....	239.4	402.9	642.3
Laos.....		125.8	125.8
Taiwan.....	19.5	93.0	112.5
Thailand.....		77.2	77.2
Vietnam.....		1,789.1	1,789.1
Near East and South Asia.....	167.0	533.8	700.8
Greece.....	19.8	98.0	117.8
Turkey.....	99.7	71.8	171.5
Latin America.....	9.8	73.8	83.6
Africa.....	19.0	18.6	37.6
Europe.....	14.0	57.6	71.6
Other.....	20.4	20.0	40.4
Total.....	731.5	3,226.9	3,958.4

Subsection 3(a)(4)—Foreign Military Sales

This subsection authorizes credit sales of military equipment and services to foreign countries. Annual authorization by Congress is required for both appropriations and a ceiling on the amount of credit that may be provided. Most of the countries which purchase arms under this program are less developed. Credit sales of military hardware to the majority of the developed countries are financed either through the Export-Import Bank or regular commercial channels.

Subsection 3(a)(4) authorizes an appropriation of \$400,000,000 for fiscal year 1972.

Subsection 3(b)—Credit Ceiling

Subsection 3(b) establishes an aggregate credit ceiling of \$550,000,000 for fiscal year 1972. The Executive Branch requested a credit ceiling of \$582 million. Of the overall ceiling approved by the Committee, not less than \$300,000,000 is to be made available for credit sales to Israel. The Committee recommends this procedure in order to insure that sufficient authority for direct military credits and/or the guaranty of private credits is available for Israel.

The following tables provide data on authorization and credit ceilings, historical data, estimates for all U.S. military export sales, and the proposed credit sales program, by region and country, for fiscal year 1972.

AUTHORIZATION AND CREDIT CEILING DATA

[In millions]

	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972	
			Executive request	Committee recommendation
Authorization of appropriations.....	\$70	\$250	\$510	\$400
Credit ceiling.....	(1)	340	582	550

¹ Provided under continuing resolution authority.

² Does not include special authorization for Israel contained in the Defense Authorization Act.

FOREIGN MILITARY SALES BY REGION WITH TOTAL DISTRIBUTED BETWEEN DEVELOPED AND LESS DEVELOPED COUNTRIES, FISCAL YEARS 1966-72

(In millions of dollars)

Region by type of order	1966	1967	1968	1969	1970	Total, 1966-70	Estimated	
							1971	1972
East Asia and Pacific:								
Cash	162.3	113.3	96.9	132.3	132.8	637.5	192.5	170.0
Credit	12.1	21.6	67.4	26.0	40.0	167.1	66.0	75.0
DOD direct	(11.2)	(8.1)	(26.0)	(26.0)	(40.0)	(105.3)		
DOD guaranty	(.9)	(13.5)	(41.4)	(6.0)		(61.8)		
Total	174.3	134.9	164.3	158.3	172.8	804.6	258.5	245.0
Near East and South Asia:								
Cash	87.6	95.7	185.3	183.5	216.2	968.3	410.9	290.6
Credit	267.7	258.4	160.3	223.3	30.0	939.7	620.0	420.0
DOD direct	(61.8)	(42.0)	(50.1)	(174.0)	(30.0)	(357.9)		
DOD guaranty	(205.9)	(216.4)	(110.2)	(49.3)		(581.8)		
Total	355.3	354.1	345.6	606.7	246.2	1,908.0	1,030.9	710.6
Europe and Canada (cash)	1,180.7	524.8	521.8	863.2	472.4	3,562.8	499.9	1,028.5
Africa:								
Cash	1.9	22.3	3.3	11.8	6.6	45.9	21.2	.5
Credit	.2	15.5		9.5		25.2		17.0
DOD direct	(.2)	(14.0)		(9.5)		(23.7)		
DOD guaranty		(1.5)				(1.5)		
Total	2.1	37.8	3.3	21.3	6.6	71.1	21.2	17.5
Latin America:								
Cash	9.9	15.4	12.4	13.4	16.3	67.4	18.0	74.0
Credit	37.3	27.7	35.6	22.4		123.0	54.0	70.0
DOD direct	(7.5)	(12.0)	(12.3)	(22.4)		(54.2)		
DOD guaranty	(29.8)	(15.7)	(23.3)			(68.8)		
Total	47.2	43.1	48.0	35.8	16.3	190.4	72.0	144.0
International organizations:								
Cash	25.2	33.6	29.9	34.4	19.0	142.1		
Credit (direct)			.1			.1		
Total	25.2	33.6	30.0	34.4	19.0	142.2		
Contingency (credit)							15.0	
Worldwide:								
Cash	1,467.7	805.1	849.7	1,438.5	863.2	5,424.2	1,142.5	1,563.6
Credit	317.2	323.2	263.4	281.2	70.0	1,255.0	755.0	582.0
DOD direct	(80.6)	(76.1)	(88.5)	(225.9)	(70.0)	(541.1)	(681.0)	(486.0)
DOD guaranty	(236.6)	(247.1)	(174.9)	(55.3)		(713.9)	(74.0)	(96.0)
Total	1,784.9	1,128.3	1,113.1	1,719.7	933.2	6,879.2	1,897.5	2,145.6
Developed countries:								
Cash	1,556.0	966.3	784.2	1,170.4	687.6	5,164.5	834.4	1,374.0
FMS cash	1,388.3	719.9	654.2	1,066.2	687.6	4,516.2	804.4	1,344.0
FMS credit	167.7	246.4	130.0	104.2		648.3	30.0	30.0
DOD direct	(23.0)	(34.7)	(37.0)	(75.0)		(169.7)		
DOD guaranty	(144.7)	(211.7)	(93.0)	(29.2)		(478.6)		
Less developed countries:								
Cash	203.7	128.4	298.9	514.9	226.6	1,372.5	1,048.1	771.6
FMS cash	54.2	51.6	165.5	337.9	156.6	765.8	338.1	219.6
FMS credit	149.5	76.8	133.4	177.0	70.0	606.7	710.0	552.0
DOD direct	(57.6)	(41.4)	(51.5)	(150.9)	(70.0)	(371.4)		
DOD guaranty	(91.9)	(35.4)	(81.9)	(26.1)		(235.3)		

* Economically developed countries are those so listed by Executive order for interest equalization tax purposes.

FOREIGN MILITARY CREDIT SALES—FISCAL YEAR 1971 AND PROPOSED FISCAL YEAR 1972

[In millions]

Region/country	Fiscal year 1971	Proposed fiscal year 1972
Near East and South Asia.....	\$620.0	\$420.0
Greece.....	45.0	60.0
India.....		5.0
Israel.....	500.0	(1)
Jordan.....	30.0	(1)
Lebanon.....	5.0	(1)
Pakistan.....	10.0	5.0
Saudi Arabia.....	30.0	(1)
Regional ²		350.0
East Asia and Pacific.....	66.0	75.0
Korea.....	15.0	15.0
Malaysia.....	5.5	7.5
Singapore.....	5.5	7.5
Taiwan.....	40.0	45.0
Latin America.....	54.0	70.0
Argentina.....	13.0	15.0
Brazil.....	15.0	20.0
Chile.....	1.0	5.0
Colombia.....		8.0
Guatemala.....	4.0	5.0
Uruguay.....	4.0	2.0
Venezuela.....	10.0	15.0
Regional.....	7.0	
Africa.....		17.0
Congo (K).....		2.0
Morocco.....		(1)
Regional ²		15.0
Grand total.....	755.0	582.0

¹ Classified data.² Includes countries for which data is classified.*Subsection 3(c)—Applicability of Pertinent Acts*

Subsection 3(c) requires that any appropriation made pursuant to subsection (a) shall be governed by the applicable provisions of the Foreign Assistance Act of 1961, as amended, or the Foreign Military Sales Act, as the case may be.

*Section 4—Military Assistance**Subsection 4(1)(A)—Conditions of Eligibility*

This subsection amends section 505(b)(2) of the Foreign Assistance Act of 1961, as amended, which requires that the President determine, when furnishing assistance on a grant basis in excess of \$3 million, "that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world." The amendment, which was requested by the Administration, substitutes the word "or" for the word "and," thus relaxing the more stringent conditions now contained in the section.

The Committee approves this request not because it believes the present conditions unduly restrict the President's authority to provide military assistance. Rather it approves the request because it believes the conditions of eligibility already in the act have little, if any, meaning if the President and his advisors determine that this or that government should get military aid. As the Administration, too, recognizes, this change is really not necessary if the President wants

to give more than \$3 million in military assistance to Indonesia, Cambodia or any other country without meeting the condition that such assistance will serve the "defensive strength of the free world . . ." Under the Act, the President has the authority to waive this condition. Hence the amendment is little more than a convenience to avoid the paperwork of a Presidential determination.

The only possible advantage the Committee sees in the amendment is that it may cut down on the number of Presidential waivers which would otherwise be issued.

Subsection 4(1)(B)—Public Law 480 Common Defense Grants

This subsection repeals section 505(e) of the Foreign Assistance Act of 1961, as amended, which requires that recipients of P.L. 480 assistance enter into an agreement with the United States to permit local currencies accruing to the United States under Title I of the Agricultural Trade Development and Assistance Act of 1954 to be used for common defense purposes, including internal security.

This amendment, originally introduced as S. 905, was sponsored by Senators Proxmire, Humphrey, McGovern and Mansfield. It removes the requirement that recipient countries formally agree that funds accruing from the P.L. 480 program to the United States be available for military assistance purposes.

Subsection 4(2)—Special Authority

This subsection amends section 506(a) of the Act by extending for FY 1972 the authority of the President to draw on Department of Defense stocks to carry out the purposes of the military assistance program, subject to subsequent reimbursement therefor from military assistance funds. As in prior years, this authority is limited to \$300 million for fiscal year 1972.

Subsection 4(3)—Restrictions on Military Aid to Latin America

This subsection amends section 507(a) of the Act to reduce from \$25 million to \$10 million the ceiling on the value of defense articles that the United States can furnish to Latin American countries during any fiscal year.

Beginning in FY 1966, Congress initiated what has developed into a phased reduction of our military assistance to Latin America. During the past six years, this program has steadily declined from a high of \$79 million in FY 1966 to a low of \$11 million in FY 1971. Clearly, the intent of the Congress has been to move toward the curtailment of the material assistance portion of the program.

The \$10 million ceiling recommended by the Committee is but another step in this direction.

Section 4(4)—New Provisions Relative to Military Assistance

New Section 511—Reduction in Military Aid Mission Personnel

The new section 511 of the Foreign Assistance Act states the sense of Congress that the size of our military aid missions should be reduced and consolidated with other elements of our overseas diplomatic missions and requires a twenty-five percent reduction world wide by September 30, 1972 in the number of military aid mission personnel assigned to an overseas post as of September 30, 1971. As of June 30, 1971, there were 2,808 military personnel serving abroad in 48 military aid missions, groups, or similar activities, not including South Vietnam.

The Peterson Task Force Report on International Development recommended a reduction and consolidation of U.S. military advisory groups and the Committee believes that this amendment is in line with the Task Force's recommendation. During the Committee's consideration of the 1969 foreign aid bill, it gave very serious consideration to compelling, by law, a reduction in the number of overseas military assistance advisors. The Committee's report on that bill clearly evidences its concern:

"Many members of the Committee have become increasingly concerned over the size of United States military aid missions abroad. As of July (1969), there were 3,185 Americans attached to the military missions in 36 countries which receive military aid under the authority of this bill."

". . . The Committee is of the opinion that many of these missions could be eliminated entirely, at great savings to the taxpayer and with the resultant benefit to our foreign relations. The Committee expects to see considerable progress in this direction when it reviews the 1971 military aid program."

There have been some token cuts overall but there is no evidence to suggest that the Executive Branch has given this issue the serious attention that the Committee intended. In many instances either the cost of the military missions remains considerably greater than the aid programs being administered or the number of people in the mission is substantially larger than the size of the U.S. diplomatic mission—or both.

This amendment is aimed at bringing about the kind of corrective action which the Committee had hoped the Administration itself would initiate. The twenty-five percent reduction required by this amendment should be considered only as a beginning.

The amendment is not intended in any way to impose a ceiling on the number of military attaches stationed abroad but the Committee intends to keep close watch over our attache missions to ensure that their personnel levels do not increase as the size of the military aid missions decline.

New Section 512—Military Assistance to Thailand

The new section 512 requires that, beginning with fiscal year 1973, all military aid to Thailand be funded out of the regular military assistance program as authorized under the Foreign Assistance Act of 1961, as amended.

Military aid to Thailand is currently being funded from the Department of Defense budget, and for fiscal 1972 Thailand is scheduled to receive \$77.2 million in military assistance funds.

This funding procedure was approved as an interim arrangement by Congress in 1967. At that time, military considerations dominated the situation in Southeast Asia, and there was some justification for shifting military assistance funding for Thailand to the Defense Department. The situation has changed considerably since then: the war is being wound down; U.S. combat troops are being withdrawn; and negotiations for a peace settlement are taking place.

Accordingly, the time has come to return the funding of our military aid program for Thailand to the regular foreign assistance program. This will permit the appropriate Committee's of Congress to judge military aid expenditures to that country against security assistance needs elsewhere—all of which have a direct bearing on this country's overseas commitments and its foreign policy in general.

New Section 513—Limitation on Availability of Funds for Military Operations

The new section 513 of the Act would require specific Congressional authorization before funds from any U.S. Government agency or official could be made available "for the purpose of financing any military operations by foreign forces in Laos, North Vietnam, or Thailand, outside the borders of the country of the government or person receiving such funds . . ." In addition, the amendment would require the President to make available to the Congress copies of any agreements and other information bearing on such military operations. The amendment is not intended, however, to infringe or restrict military operations and exercises outside Southeast Asia which are required for self-defense purposes or which are pursuant to regional defense arrangements, such as NATO, or other arrangements, such as U.N. peacekeeping operations.

New Section 514—Payments in Local Currency for Military Grant Aid and Excess Military Equipment

This new section 514 requires that a foreign country which receives military grant aid or excess defense articles pay, in its own currency, 25% of the amount of the grant aid or, in the case of excess articles, an amount equal to 25% of the fair market value. The foreign currency obtained in payment would be available to meet U.S. obligations in the country and to finance educational and cultural exchange programs. It would not apply to a country where military aid was given in payment for base rights. And, if the President decided, the payment requirement would be waived if, without it, the United States did not need to make dollar purchases of the local currency for financing U.S. operations in that country. In practical effect, the payment requirement would not be applied unless it would actually result in dollar savings.

It is basically the same as an amendment adopted by the Senate last year in the Foreign Military Sales bill, H.R. 15628, but which was deleted in the conference with the House. The most significant change is that this provision requires only a 25% payment in the local currency, whereas last year's amendment called for 50%. That amendment was supported in the Senate by a vote of 36 to 52 when an attempt was made to strike it. The need for the amendment is even more compelling today than it was a year ago.

In none of the countries which are major recipients of military grant aid, Korea, Taiwan, Greece, and Turkey, does the United States own an excess of the local currency. In fact, none of the top ten recipients of military aid, programmed for FY 1972, are excess currency countries. There is no valid reason why recipients of military aid should not be required to pay at least one-fourth the value of the materials we give them, especially if we have to buy their currency with dollars to pay for the cost of U.S. operations in the country. Having additional foreign currencies available would lessen the drain on our dollar resources and have a favorable impact on our escalating balance-of-payments deficit.

The General Accounting Office examined the question of a foreign currency payment requirement from the standpoint of its potential impact on the budget. Based on the Treasury Department's estimates of U.S. foreign currency purchases in FY 1972 for official operations in countries which receive military grant aid, the United States would save \$117.7 million if 30% payment were made in the country's own

currency for military grant aid programmed to be given to them. The GAO analysis and a table listing the major grant aid recipients and the estimated dollar purchases of their currency follows:

GENERAL ACCOUNTING OFFICE ANALYSIS

For the purposes of this analysis, the excess defense articles programmed for FY 1972 Military Assistance Programs are valued at one-third (1/3) of the cost of acquisition. This valuation is in accordance with the Foreign Military Sales Act, as amended. The data used for the analysis does not include nonregional military assistance grants, service-funded military assistance, or excess defense article programs for certain countries in Southeast Asia.

VALUE OF MILITARY ASSISTANCE PROGRAMMED FOR FISCAL YEAR 1971

The programmed FY 1972 military grant assistance and the value of excess defense articles, with the above exclusions, amounts to \$710 million and \$200 million, respectively, for a total of \$910 million. United States Treasury projected purchases of foreign currencies from commercial sources, in the same countries receiving the military aid, amounts to \$315 million for FY 1972.

POTENTIAL REDUCTION OF U.S. PURCHASES OF LOCAL CURRENCIES

In the proposed FY 1972 Military Assistance Program, a total of 35 countries are to receive grant assistance or excess defense articles, and in 28 of those countries the United States could reduce its foreign currency purchases if partial payments are made. In seven of the recipient countries the United States will not purchase local currency or has a sufficient amount of local currency holdings to meet requirements. Over 94 percent of the purchases which could be reduced would result from U.S. programs in six countries. Twenty-two other countries would account for about 6 percent of the reduced purchases.

On the basis of amounts programmed for FY 1972, the following table shows the amounts by which dollar purchases of local currencies could be reduced if the United States were to receive partial payment for military grant assistance and excess property grants in those countries where the United States purchases local currencies with dollars to meet its needs. Figures in the table are based upon applying a percentage to the value of programmed military assistance by country, comparing the results with the amount of projected local currency purchases in the country, and utilizing whichever is the lesser.

REDUCED AMOUNT OF U.S. FOREIGN CURRENCY PURCHASES

[In millions of dollars]

	Total	6 countries	22 countries
Percentage of partial payment:			
50	\$131.5	\$124.6	\$6.9
40	125.9	120.3	5.6
30	117.7	113.3	4.4
20	83.7	80.5	3.2
10	45.5	43.5	2.0

Source: General Accounting Office.

Foreign currencies to be purchased in fiscal year 1972—selected countries

	<i>(In millions)</i>
Korea	\$85.8
Spain	32.5
Greece	9.9
Philippines	83.4
Ethiopia	6.1
Republic of China	4.8

Source: General Accounting Office.

Finally, the requirement of 25% payment in value will serve as a brake on the appetites of foreign military leaders, who, under the present system, are encouraged to ask for all the weapons they can get since they cost them nothing. It will insure that requests by foreign countries for military aid must be treated as any other claim on that country's budget resources. If military aid must be weighed in balance with other national priorities, foreign governments may be more reluctant to approve their military leaders' requests for United States aid.

The President's Task Force on Foreign Assistance, after pointing out that the United States now makes the basic determination on what equipment a country should get, recommended that in the case of military grant aid: "More should be done to enable these receiving countries to estimate their own requirements, to relate them to their budgetary priorities, and to make their military decisions in the light of available resources." This provision will carry out the spirit of that recommendation.

Subsection (a)(1) requires that a recipient of military aid agree to deposit in a special account established by the United States the following amounts of currency of that country:

- (a) 25% of the fair value of excess defense articles; and
- (b) an amount equal to 25% of any grant of military assistance.

Subsection (a)(2) provides that the country must agree to make available, from that special account, sufficient amounts of the foreign currency thus generated to pay for the official local currency costs of the U.S. Government plus amounts needed to finance activities under the Mutual Educational and Exchange Act of 1961.

Subsection (b) permits the President to waive the foreign currency payment requirement if he determines that the currency will not be needed to finance both U.S. official operations in the country and educational and cultural exchanges.

Subsection (c) exempts from the payment requirement grants made to countries pursuant to base rights or similar agreements.

Subsection (d) states that the provisions of section 1415 of the Supplemental Appropriation Act of 1953 shall not apply to this section.

Section 5.—Miscellaneous Provisions.—Section 5 amends section 652 of the Act and adds new sections 653, 654, 655, and 656.

Revised Section 652—Limitations Upon Exercise of Special Authorities

Sections 610(a) and 614(a) of the Foreign Assistance Act comprise the President's primary authority to transfer funds from one program to another and to waive restrictions imposed by the Act. Under the authority of these two sections Cambodia was allotted \$110 million in foreign aid last year without specific authorization by Congress.

Section 506(a) authorizes the President to draw on Department of Defense stocks with subsequent reimbursement to be made out of appropriations for military assistance.

During fiscal year 1971 and thus far in fiscal year 1972, sections 610(a) or 614(a) served as a basis, in part or in whole, for at least 17 Presidential waivers. In none of these cases (or in any of the others in which the President relied on additional waiver authority) was the Congress notified before the President acted. In fact, in many of these cases the President waited a month before notifying the Congress of any action at all.

Some of these actions, such as those concerning Cambodia, involved transfers of millions of dollars and raised a number of critical foreign policy issues.

This amendment simply requires that, before the President exercises the authority in sections 506(a), 610(a) or 614(a), he must give ten days prior notice in writing to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.

New Section 653—Change in allocation of foreign assistance

Under existing provisions of the Foreign Assistance Act the President has unlimited authority to increase or decrease the amounts of foreign assistance actually given to foreign countries from the amount previously justified to Congress. He can shift amounts from country to country as he sees fit. Section 614(a) of the Act also gives the President general authority to waive restrictions in the Act when he considers such action "important to the security of the United States." By using this waiver authority last year Cambodia was allocated a total of \$110 million in military aid by the President without a specific authorization by Congress through transfer of funds from other economic and military aid programs. Section 653 restricts the President's sweeping authority to change country amounts.

The provision would do the following:

(a) Require the President to notify Congress at least 30 days after passage of the Foreign Aid Appropriations Act of how much aid he plans to allocate to each country for each category; and

(b) Prohibit giving any country more than 10% more than the amount specified for each category unless the President determines that an additional amount is *vital* to national security and gives Congress at least ten days prior notice.

New Section 654—Presidential findings and determinations

This new section would tighten several provisions in the Foreign Assistance Act relating to the President's waiver authority. It stems from certain Executive Branch actions over the last two years, primarily those relating to the furnishing of military aid to Cambodia without a specific Congressional authorization. It requires that:

(1) All Presidential determinations and findings which must be reported to Congress be put in writing and signed by the President before any action could be taken pursuant to the finding or determination.

Last year the Executive Branch gave Cambodia \$7.9 million in military aid and, *after the fact*, obtained a Presidential determination which was made retroactive in an effort to legalize what had already been done.

On April 10, 1971, the President made an *oral* determination to authorize giving \$3 million in military aid to Ceylon. The determination was not put in writing until June 7 and was not transmitted to Congress until June 25--2½ months after the decision was made:

(2) Presidential findings and determinations must be printed in the Federal Register unless publication would be detrimental to the national security.

Prior to the Committee's protests last year concerning the classification of the Presidential determinations on aid to Cambodia, all these decisions were furnished to the Committee on a classified basis; and

(3) Information could not be denied to Congress by Executive Branch officials pending a Presidential determination.

Last year the Committee staff was denied access in the field to information on military aid to Cambodia on the grounds that no information on the subject could be released prior to transmittal to Congress of a related Presidential determination.

These factors are basic to Congress's consideration of foreign aid and foreign military sales, which, in turn, are of fundamental importance in this country's foreign policy. If Congress is to fulfill its responsibilities in these areas, it must be fully informed before the fact--and not confronted with a *fait accompli* weeks after the President has acted.

This amendment is not intended to supersede any other requirement providing for prior notification of findings and determinations made by the President to the Congress or any of its Committees.

New Section 655--Limitation on Assistance to or for Cambodia

The new section 655 of the act provides for limitations on assistance to Cambodia. Subsection (a) provides that no funds authorized to be appropriated by this or any other act may be obligated or expended in excess of \$341 million to carry out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Cambodia during the fiscal year ending June 30, 1972.

Subsection (b) states that in computing the \$341 million limitation the "value" of any goods, supplies, materials or equipment provided by gift, donation, loan, lease or otherwise must be included and that "value" means the fair market value and in no case less than one-third of acquisition cost.

Subsection (c) provides that no funds may be obligated or expended in, to, for or on behalf of Cambodia in any future fiscal year unless they are specifically authorized by law and that in no case shall funds in excess of the amounts specifically authorized by law for any fiscal year be obligated or expended.

Subsection (d) excludes from this \$341 million limitation the obligation or expenditure of funds to carry out air operations over Cambodia.

Subsection (e) requires that whenever any request is made to the Congress for the appropriation of funds for use in, for, or on behalf of Cambodia the President shall furnish a written report to the Congress explaining the purpose for which such funds will be used.

Subsection (f) provides that the President shall submit to the Congress within 30 days after the end of each quarter of each fiscal year a written report showing the amount of funds expended during the preceding quarter in, for, or on behalf of Cambodia and the purposes for which such funds were expended.

Subsection (g) states that enactment of this section shall not be construed as a commitment by the United States to Cambodia for its defense.

The purpose of section 655 is to establish a ceiling on overall U.S. expenditures, exclusive of air combat operations, in, for, or on behalf of Cambodia during the current fiscal year and to put the Congress in position to know in the future, when money is being requested for Cambodia, how much is actually being spent and for what purposes. In the past, the cost of United States Government operations in some countries has far exceeded the amounts which have been requested and then authorized and appropriated. It is the Committee's intention to see that this escalation of costs, not only unauthorized by the Congress but also unknown to it, does not occur in Cambodia. Section 655 is intended, therefore, to return to the Congress some measure of control over what is actually spent by setting an absolute ceiling on expenditures, a ceiling which applies to all Executive Branch departments and agencies.

The ceiling of \$341 million set by the Committee represents the total amounts tentatively programed for Cambodia by the Executive Branch.

The amendment is also designed to close any loopholes still remaining regarding the transferability of funds of the Defense Department and other agencies and, in connection with the expenditure ceiling, to establish a method of setting a value on excess materials by requiring that they be at fair market value and in no case less than 33 $\frac{1}{3}$ percent of acquisition cost.

By setting an absolute ceiling on expenditures in Cambodia, the Committee means to include all Executive Branch expenditures except those relating to combat air operations. The limitations would thus apply to the military assistance program, supporting assistance, excess defense articles, P. L. 480, CIA operations, the administrative costs of the various United States Government departments and agencies who engage in activities to, in, for or behalf of Cambodia and, as in the similar provision relating to Laos included in the Defense Authorization bill, H. R. 8687, the costs to the United States of South Vietnamese ground operations in Cambodia.

Section 655 specifically excepts all combat air operations over Cambodia from this ceiling. This exception covers all United States and South Vietnamese combat air operations as well as combat air operations by other countries which involve the expenditure of U.S. funds. This exception is included because of the view of some Committee members that monetary limitations on air operations in Cambodia might jeopardize the continuing withdrawal of U.S. forces from Vietnam.

Section 6—Limitations on United States Personnel and Personnel Assisted by the United States in Cambodia

Section 6 adds a new section 656 to the Foreign Assistance Act.

New Section 656--Limitations on United States Personnel and Personnel Assisted by United States in Cambodia

The new section 656 of the Act imposes a ceiling of 200 on the number of United States civilians and military personnel who can be present in Cambodia at any time. It also imposes a ceiling of 50 on the number of non-Cambodians working in Cambodia whose compensation can be paid in whole or in part, directly or indirectly, by the United States. U.S. military personnel involved in air operations originating outside of Cambodia will not be counted against the ceiling. This is intended to exempt personnel engaged in combat air operations from bases outside Cambodia as well as those engaged in periodic air cargo or similar missions into Cambodia from bases outside the country.

The purpose of this provision is to prevent the further growth of a large American presence in Cambodia which could drag our nation even more deeply into that difficult situation. When the Cambodian incursion began in April, 1970, the United States mission in Phnom Penh consisted of 12 people. Since the initiation by the Executive Branch of a vast military and economic aid program to that country the number of Americans in Cambodia in an official capacity has mounted steadily. By the time Secretary of State Rogers testified before the Committee on December 10, 1970, in support of the authorization of a total of \$285 million in aid to Cambodia for FY 1971, the American presence had quintupled. In replying to members who expressed concern that a large American mission would result from the proposed aid program, Secretary Rogers said:

Senator, as you know, we have already delivered hardware to Cambodia, and we have done it, I think, successfully without involvement of any large numbers of people. We have a very small mission in Phnompenh, 62. And we intend to keep our mission small. We think we can do it based on the experience we have already had.

In addition, of course, we have people in Saigon who are working on this problem. They can do it from Saigon, so there will be no necessity for them to go to Phnompenh. There are some people involved in the delivery process who are located in Saigon, and they will stay in Saigon.

There are now 56 U.S. civilian employees and 87 U.S. military personnel in Cambodia, a total of 143. The Committee was advised that, in addition, some 25 to 35 persons are there at any given time in a temporary duty status. There have been recent news reports that the Defense Department plans to expand the size of the military mission considerably during the next year. The slim U.S. operation that was promised has already grown much too fat.

The Committee does not approve of the vast escalation that has already taken place in American involvement in Cambodia. The situation seems to be developing in precisely the way most members of the Committee feared at the beginning of the U.S. involvement. The end of the escalation in men and money is not in sight, unless Congress imposes strict limits on both. In placing the personnel ceiling at 200 the Committee does not intend, in any way, to imply that it would look with favor on *any* increase in the number of U.S. personnel now in Cambodia. Indeed, the Committee hopes that there will be a rollback in the current level.

Administration spokesmen have said in justification of the increase in military personnel that they are needed to carry out provisions in the Foreign Assistance Act relative to "end use." The statute requires "observation and review" of how the material furnished is being used only to the extent "as the President may require." Under the statute the President may waive "end use" review entirely and, in fact, this has been done in other countries in the past. The Committee is not saying that there should not be any surveillance at all of how the military aid we give to Cambodia is used. But reliance by the Executive Branch on the "end use" requirement to justify the buildup of a huge military aid mission in Cambodia is a weak reed at best and goes directly contrary to the spirit of the Cooper-Church amendment.

There are recurring news reports that the Executive Branch will attempt to get around the prohibition of the Cooper-Church amendment against providing United States advisers to Cambodian forces by bringing in and paying for the services of advisers or technicians from other countries. The Committee opposes any such plan and in order to prevent an end run around the restriction, through the use of foreigners, has put a limit of 50 on the number of third country nationals in Cambodia who can be paid out of U.S. funds.

Section 7—Ceiling on Military Sales and Assistance to Latin America and Repeal of the President's Waiver Authority

Subsection 7(1) amends subsection 33(a) of the Foreign Military Sales Act for the purpose of increasing from \$75 million to \$100 million the annual ceiling on military credit sales and grant aid (excluding training) to Latin America. Subsection 7(2) repeals the President's authority to waive this ceiling and the \$40 million ceiling applicable to Africa.

Subsection 33(c) of the Foreign Military Sales Act gives the President authority to waive the annual ceilings on military assistance, sales, and the value of ship loans to Latin America and Africa when he determines it to be "important to the security of the United States." On April 9 the President waived the FY 1971 ceiling for Latin America and on June 16 the 1971 ceiling for Africa. The Executive Branch requested legislative authority to increase the permanent ceiling to \$150 million for Latin America and \$60 million for Africa.

The United States should not encourage the nations of Latin America and Africa to spend their scarce resources on arms which they neither need nor can afford. The argument that they will buy elsewhere if we do not sell to them makes little sense if they should not have the planes and tanks in the first place. It amounts to an admission that the United States Government is going after the Latin American and African arms market because it thinks American suppliers should have the business instead of foreign arms manufacturers. This is a return to the old "hard sales" policy which Congress rejected in 1967.

There is nothing in the ceiling restriction which prevents the countries affected from buying on the *commercial* market here, after the ceiling has been reached. The ceiling only affects government transactions. Let the purchasing country and the manufacturer of the arms arrange credit through private channels if credit is needed.

The removal of the waiver authority is one additional small step in taking away some of the vast discretionary power Congress has

given the President on foreign aid matters. If the President wants to increase the ceilings for specific actions let him come to Congress and justify it.

Section 8--Restrictions on Excess Defense Articles

This section amends section 8(a) of the Foreign Military Sales Act Amendments of 1971 to (1) increase the ceiling on the value of excess articles that may be given to foreign countries without a charge against appropriations for military grant assistance, and (2) require that all excess defense articles provided to a country (except Vietnam, see below) or international organizations on a grant basis by any U.S. Government agency or department (except the Agency for International Development, see below) be treated in a like manner to excess defense articles provided by the Department of Defense to foreign countries under the authority of Part II of the Foreign Assistance Act of 1961, as amended.

There have been reports to the effect that the CIA has provided and is providing surplus arms to foreign forces in Southeast Asia. If this is true. Congress' efforts to bring the distribution of surplus arms under control is being circumvented.

Hence, the objective of the provisions in subsections (1) and (3) is to ensure that any grants of excess defense articles by the Central Intelligence Agency, for example, be applied to the annual ceiling on surplus military equipment or, once the ceiling is reached, charged against the appropriation for military assistance. Only by making these limitations applicable to other Government agencies and departments, like the CIA, can Congress keep account of the distribution of these arms and hold the program within meaningful limits.

AID's use of excess military equipment is excluded from the provisions of this section because of its use of many of these items, such as vehicles or engineering equipment, for economic assistance programs. Moreover, the provisions of this section are not to apply to the distribution of surplus arms in Vietnam until July 1, 1972.

Subsection (2) increases from \$100 million to \$150 million the value of excess defense articles which may be ordered during any fiscal year before the value of the articles is considered military assistance to be charged against funds appropriated for this purpose under Part II of the act.

Raising this ceiling on the amount of excess property that can be used will permit greater use of the excess military equipment that is becoming available from Southeast Asia.

Sec. 9--Termination of U.S. Military Operations in Indochina

Section 9, the Mansfield amendment, would declare it to be the national policy that the United States should terminate military operations in Indochina at the earliest practicable date, and that all U.S. forces be withdrawn not later than six months after date of enactment, subject to the release of all American prisoners of war held by the enemy. Under its terms, Congress would urge the President to take the following actions:

- (1) Establish a final date for withdrawal of all U.S. forces from Indochina, contingent upon the release of all prisoners of war, the date to be not later than six months after date of enactment;
- (2) Negotiate with North Vietnam for an immediate cease-fire by all parties; and

(3) Negotiate with North Vietnam for an agreement providing for the phased withdrawal of U.S. forces coupled with the phased release of prisoners of war with the remaining prisoners to be released concurrently with the withdrawal of the last U.S. forces.

The substance of this provision has been approved by the Senate twice this year. First, on June 22, 1971, as an amendment to the Draft Extension Bill, by a vote of 61 to 38. The amendment to the draft bill provided for a nine-month deadline for withdrawal, instead of six months as contained in this provision. The second approval came on September 30, 1971, when an amendment to the Defense Authorization Bill, identical to the provision recommended by the Committee, was adopted by a vote of 57 to 38.

There is no doubt that the Senate as a body wants the Nation to disengage itself from the tragic morass of Southeast Asia. What the war is doing morally and physically to the youth that serve on the battlefields is well documented. What it is doing to our resources is clear beyond question. And, perhaps most important, every thoughtful American senses what it has done, and is doing, to the moral fibre of our Nation.

The Senate has a responsibility for helping to determine and set the policy of this government on the broad issues of national importance. Congress is a co-equal of the Executive Branch and it is unfair as well as unwise for Congress to look to the President to assume the full burden of these decisions.

Last session the Senate initiated the repeal of the Gulf of Tonkin Resolution. That Resolution had been cited by the previous Administration as the functional equivalent of a Congressional declaration of war and a justification and endorsement of a policy of escalation in Vietnam. Many members of the Committee have objected to the broad interpretation put on that resolution. Whatever it was—functional or otherwise—it has been repealed. But with its demise has gone the only expressed government policy—openly participated in by the Congress—with respect to U.S. involvement in Indochina. There is no longer a joint policy.

The Mansfield amendment fills that void. It declares a clear national policy for Indochina. The Mansfield amendment states a government policy to terminate military operations in Indochina at the earliest practicable date; to provide for the withdrawal of all our forces within six months from the date of enactment, provided a release of all prisoners is accomplished within that timeframe, and it urges the President to proclaim a date within this timeframe to accomplish those ends.

There is much evidence that the overwhelming sentiment of the American people is for total withdrawal as soon as possible. The fixing of a deadline for withdrawal should end the stalemate, effect the return of our fighting men, the return of our prisoners and hopefully set the stage for the rebuilding process that is needed for the future of American hope and confidence.

Section 10—Limitations on United States Activities in Cambodia

This section amends section 7(a) of the Special Foreign Assistance Act 1971 to prohibit the expenditure of public funds for U.S. advisers "to or for military, paramilitary, police, or other security or intelligence forces in Cambodia."

The purpose of this amendment is to expand the scope of the existing prohibition of the Cooper-Church amendment against providing U.S. advisers to Cambodian military forces. It would also prohibit any U.S. government personnel from advising Cambodian paramilitary and police forces, as well as Cambodian security and intelligence units. The intent of this amendment is consistent with, and is a logical extension of, the existing prohibition designed to prevent direct U.S. involvement in the war in Cambodia. Our Vietnam experience teaches that the first fatal step toward direct involvement comes with the furnishing of U.S. advisers to the military and related forces of another country. This provision is another effort aimed at preventing this fatal step from being taken in Cambodia.

Section 11—Restriction Relating to Foreign Forces

Subsection 409(1) amends section 401(a) of Public Law 89-367, as amended, to prevent "any department, agency or independent establishment of the United States" from paying allowances to free world forces in Vietnam that are greater than similar allowances paid to members of the United States Armed Forces for service in Vietnam or "in any other hostile fire area"

This provision expands the existing prohibition against paying foreign troops at higher levels than U.S. troops. At the present this prohibition applies only to funds appropriated for use by the Armed Forces of the United States. Hence, other appropriated funds, such as those available to the Central Intelligence Agency could be used to circumvent this prohibition. The amendment would close this loophole.

Subsection 409(2) requires that the conditions in Sec. 401(a)(2) of P.L. 89-367, as amended, governing the grant of defense articles to Vietnam, Thailand, or Laos out of Defense Department funds also apply to the grant of defense articles to those countries paid for out of funds of any other department or agency.

SUPPLEMENTAL VIEWS OF SENATOR FULBRIGHT

Although I voted to report the two interim foreign aid authorization bills, I believe that the Committee's refusal to give the Senate an opportunity to vote clearly on the three major components of foreign aid and its failure to cut the money amounts again endanger the entire aid program. There is still a long legislative gauntlet to be run.

The Senate's rejection of H.R. 9910 reflected the growing dissatisfaction by members with one or more components of foreign aid. Some support bilateral economic and humanitarian aid but oppose military aid. Many support military aid and oppose economic assistance. Others support multilateral and humanitarian aid but oppose bilateral aid, as presently constituted. And so it goes. Foreign aid bills have become a "grab bag" with something in them for everyone. Members of the Senate have not been accorded the opportunity to vote on the merits of each major aid category—bilateral economic aid, military aid, and multilateral and humanitarian aid.

In order to ensure that each aid category stood, or fell, on its own merit, I offered three bills in the Committee which separated the present hodge-podge of programs into three categories and allowed authorizations at a reduced level during the phaseout period. Three bills, instead of two, would have provided a sharper delineation of the purposes and objectives of each aid category, and given guidance on how the Senate wants the new foreign aid programs to be shaped for the future. But the Committee decided to combine bilateral economic aid with humanitarian and multilateral programs. The package approved by the Committee lumps A.I.D. programs to promote anti-communist labor unions in Latin America with those providing relief for Pakistani and Arab refugees. It again prevents the Senate from working its will in a clearcut way.

The bills I proposed would have authorized a total of \$2.1 billion in all categories, with \$1.0 billion for military aid, \$620 million for bilateral economic aid, and \$445.9 million for multilateral and humanitarian assistance. Including the \$250 million for relief of Pakistani refugees, this would have been \$180 million more than Congress appropriated for FY 1970.

With a \$30 billion-plus deficit facing the Federal Government, an unprecedented balance of payments gap, and the deterioration of our domestic situation, particularly in the big cities, I think the Committee should have held the line closer to the 1970 amount. But, instead, it approved a total aid package which is \$444 million above the 1970 figure and \$263 million more than I proposed. Two-thirds of the increase is on the military side.

I regret both of these actions. In my opinion, they go against the spirit of the Senate's rejection of the old approach to foreign aid, and endanger the passage of any foreign aid program this session. The Senate should not be forced to vote on a warmed-over version of what it rejected on October 29th. Together, these bills are little more than

a slightly scaled-down H.R. 9910. Senators are still being asked to take the good along with the bad. The Committee's action has, I fear, created a situation where it is quite possible that Congress may reject the entire program, which, in my opinion, would not be in the interest of our country.

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in *roman*):

I. FOREIGN ASSISTANCE ACT OF 1961

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PART II

* * * * *

Chapter 2—MILITARY ASSISTANCE

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SEC. 505. Conditions of Eligibility.—

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(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, **[and]** *or* the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

* * * * *

[(e) From and after the sixtieth day after the day of enactment of the Foreign Assistance Act of 1966, no assistance shall be provided under this chapter to any country to which sales are made under title I of the Agricultural Trade Development and Assistance Act of 1954 until such country has entered into an agreement to permit the use of foreign currencies accruing to the United States under such title I to procure equipment, materials, facilities, and services for the common defense including internal security, in accordance with the provisions of section 104(c) of such title I.**]**

SEC. 506. Special Authority.—(a) During the fiscal year **[**1970 and the fiscal year 1971**]** *1972* the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The

value of such orders under this subsection in [each of the fiscal years 1970 and 1971] *the fiscal year 1972* shall not exceed \$300,000,000. [Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.]

* * * * *

SEC. 507. Restrictions on Military Aid to Latin America.—(a) [The value of grant programs of defense articles for American Republicans, pursuant to any authority contained in this part other than chapter 3, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$25,000,000, of which any part may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States.] *Except as otherwise provided in this section, the value of defense articles furnished by the United States Government under this Act to Latin American countries shall not exceed \$10,000,000. Not to exceed \$25,000,000 in value of defense articles may be furnished under this part on a cost-sharing basis to an inter-American military force under the control of the Organization of American States.*

* * * * *

SEC. 511. MILITARY ASSISTANCE ADVISORY GROUPS AND MIS-
SIONS.—(a) *It is the sense of Congress that the need for large United States military assistance advisory groups and military aid missions in foreign countries has diminished substantially during the last few years. In the words of the Peterson Task Force Report on International Development, "The United States now can reduce its supervision and advice to a minimum, thus encouraging progress toward self-reliance. United States military missions and advisory groups should be consolidated with other elements in our overseas missions as soon as possible."*

(b) *In accordance with the provisions of subsection (a) of this section, the total number of United States military personnel assigned and detailed, as of September 30, 1971, to United States military assistance advisory groups, military missions, and other organizations of the United States performing activities similar to such groups and missions, shall be reduced by at least 25 per centum by September 30, 1972.*

SEC. 512. MILITARY ASSISTANCE AUTHORIZATIONS FOR THAILAND.—
After June 30, 1972, no military assistance shall be furnished by the United States to Thailand directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

SEC. 513. LIMITATIONS ON AVAILABILITY OF FUNDS FOR MILITARY OPERATIONS.—(a) *No funds authorized or appropriated under any provision of law shall be made available by any means by any officer, employee, or agency of the United States Government for the purpose of financing any military operations by foreign forces in Laos, North Vietnam, or Thailand outside the borders of the country of the government or person receiving such funds unless Congress has specifically authorized or authorizes the making of funds available for such purpose and designates the area where military operations financed by such funds may be undertaken outside such borders.*

(b) *Upon requesting Congress to make any such authorization, the President shall provide to Congress a copy of any agreement proposed to be entered into with any such government or person and the complete*

details of the proposed military operation. Upon such authorization by Congress, the President shall provide a copy of any such agreement and thereafter of all plans and details of such operation.

SEC. 514. SPECIAL FOREIGN COUNTRY ACCOUNTS.—(a) Except as otherwise provided by subsection (b) or (c) of this section, no defense article may be given, and no grant of military assistance may be made, under this or any other law to a foreign country unless the country agrees—

(1) to deposit in a special account established by the United States Government the following amounts of currency of that country:

(A) in the case of any excess defense article to be given to that country, an amount equal to 25 per centum of the fair value of the article, as determined by the Secretary of State, at the time the agreement to give the article to the country is made; and

(B) in the case of a grant of military assistance to be made to that country, an amount equal to 25 per centum of each such grant; and

(2) to allow the United States Government to use such amounts from that special account as may be determined, from time to time, by the President to be necessary to pay all official costs of the United States Government payable in the currency of that country, including all costs relating to the financing of international educational and cultural exchange activities in which that country participates under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961.

(b) The President may waive any amount of currency of a foreign country required to be deposited under subsection (a)(1) of this section if he determines that the United States Government will be able to pay all of its official costs payable in the currency of that country enumerated under subsection (a)(2) of this section without the deposit of such amount and without having to expend United States dollars to purchase currency of that country to pay such costs.

(c) The provisions of this section shall not apply in any case in which an excess defense article is given, or a grant of military assistance is made, to a foreign country under an agreement with that country which allows the United States Government to operate a military or other similar base in that country in exchange for that article or grant.

(d) Section 1415 of the Supplemental Appropriation Act, 1953 (81 U.S.C. 724), shall not be applicable to the provisions of this section.

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PART III

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Chapter 2—ADMINISTRATIVE PROVISIONS

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SEC. 634. Reports and Information.—

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(d) * * * In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, [614(a),] or 614(b) and of any finding, including his reasons therefor, under section 503 or 521(c).

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Chapter 3—MISCELLANEOUS PROVISIONS

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[SEC. 652. Limitation Upon Additional Assistance to Cambodia.—
The President shall not exercise any special authority granted to him under sections 506(a), 610(a) and 614(a) of this Act for the purpose of providing additional assistance to Cambodia, unless the President, at least thirty days prior to the date he intends to exercise any such authority on behalf of Cambodia (or ten days prior to such date if the President certifies in writing that an emergency exists requiring immediate assistance to Cambodia), notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended exercise, the section of this Act under which such authority is to be exercised, and the justification for, and the extent of, the exercise of such authority.]

SEC. 652. LIMITATION UPON EXERCISE OF SPECIAL AUTHORITIES.—
The President shall not exercise any special authority granted to him under section 506(a), 610(a), or 614(a) of this Act unless the President, at least ten days prior to the date he intends to exercise any such authority, notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended exercise, the section of this Act under which such authority is to be exercised, and the justification for, and the extent of, the exercise of such authority.

SEC. 653. CHANGE IN ALLOCATION OF FOREIGN ASSISTANCE.—(a)
Not later than thirty days after the enactment of any law appropriating funds to carry out any provision of this Act (other than section 451 or 637), the President shall notify the Congress of each foreign country and international organization to which the United States Government intends to provide any portion of the funds under such law and of the amount of funds under that law, by category of assistance, that the United States Government intends to provide to each. Notwithstanding any other provision of law, the United States Government shall not provide to any foreign country or international organization any funds under that law which is in excess of 10 per centum of the amount of each category of assistance which the President notified the Congress that the United States Government intended to provide that country or organization under that law, unless the President (1) determines that it is vital to the security of the United States that such country or organization receive funds in excess of the amount included in such notification for that country or organization, and (2) reports to Congress, at least ten days prior to the date on which such excess funds are to be provided to that country or organization, each such determination, including the name of the country or organization to receive funds in excess of such per centum, the amount of funds in excess of that per centum which are to be provided, and the justification for providing the additional assistance.

(b) The provisions of this section shall not apply in the case of any law making continuing appropriations and may not be waived under the provisions of section 614(a) of this Act.

SEC. 654. PRESIDENTIAL FINDINGS AND DETERMINATIONS.—(a) In any case in which the President is required to make a report to the Congress, or to any committee or officer of either House of Congress, concerning any finding or determination under any provision of this Act, the Foreign Military Sales Act, or the Foreign Assistance and Related Programs Appropriation Act for each fiscal year, that finding or determination shall be reduced to writing and signed by the President.

(b) No action shall be taken pursuant to any such finding or determination prior to the date on which that finding or determination has been reduced to writing and signed by the President.

(c) Each such finding or determination shall be published in the Federal Register as soon as practicable after it has been reduced to writing and signed by the President. In any case in which the President concludes that such publication would be harmful to the national security of the United States, only a statement that a determination or finding has been made by the President, including the name and section of the Act under which it was made, shall be published.

(d) No committee or officer of either House of Congress shall be denied any requested information relating to any finding or determination which the President is required to report to the Congress, or to any committee or officer of either House of Congress, under any provision of this Act, the Foreign Military Sales Act, or the Foreign Assistance and Related Programs Appropriation Act for each fiscal year, even though such report has not yet been transmitted to the Congress or to the appropriate committee or officer of either House of Congress.

SEC. 655. LIMITATIONS UPON ASSISTANCE TO OR FOR CAMBODIA.—(a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other Act may be obligated or expended in any amount in excess of \$341,000,000 for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Cambodia during the fiscal year ending June 30, 1972.

(b) In computing the \$341,000,000 limitation on obligation and expenditure authority under subsection (a) of this section in fiscal year 1972, there shall be included in the computation the value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia in such fiscal year by gift, donation, loan, lease, or otherwise. For the purpose of this subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia but in no case less than 33% per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(c) No funds may be obligated or expended for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Cambodia in any fiscal year beginning after June 30, 1972, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated or expended for any such purpose during such fiscal year.

(d) The provisions of subsections (a) and (c) of this section shall not apply with respect to the obligation or expenditure of funds to carry out combat air operations over Cambodia.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, for, or on behalf of Cambodia for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1971, a written report showing the total amount of funds expended in, for, or on behalf of Cambodia during the preceding

quarter by the United States Government, and shall include in such report a general breakdown of the total amount expended, describing the different purposes for which such funds were expended and the total amount expended for such purpose, except that in the case of the first two quarters of the fiscal year beginning July 1, 1971, a single report may be submitted for both such quarters and such report may be computed on the basis of the most accurate estimates the President is able to make, taking into consideration all information available to him.

(g) Enactment of this section shall not be construed as a commitment by the United States to Cambodia for its defense.

SEC. 656. LIMITATIONS ON UNITED STATES PERSONNEL AND PERSONNEL ASSISTED BY UNITED STATES IN CAMBODIA.—The total number of civilian officers and employees of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States (excluding such members while actually engaged in air operations in or over Cambodia which originate outside Cambodia) present in Cambodia at any one time shall not exceed two hundred. The United States shall not, at any time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than fifty individuals in Cambodia who are citizens of countries other than Cambodia or the United States. For purposes of this section, "executive agency of the United States Government" means any agency, department, board, wholly or partly owned corporation, instrumentality, commission or establishment within the executive branch of the United States Government.

II. FOREIGN MILITARY SALES ACT

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Chapter 3—MILITARY EXPORT CONTROLS

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SEC. 33. Regional Ceilings on Foreign Military Sales.—(a) The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed pursuant to section 24(b), of the face amount of contracts of guaranty issued pursuant to sections 24 (a) and (b), and of loans and sales in accordance with section 7307 of title 10, United States Code, shall, excluding training, not exceed **[\$75,000,000]** \$100,000,000 in each fiscal year for Latin American countries.

(b) The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed pursuant to section 23 (excluding credits covered by guaranties issued pursuant to section 24(b)); and of the face amount of contracts or guaranty issued pursuant to sections 224 (a) and (b) shall, excluding training, not exceed \$40,000,000 in each fiscal year for African countries.

[(c) The President may waive the limitations of this section when he determines it to be important to the security of the United States, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.]

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**III. SECTION 8 OF AN ACT TO AMEND THE FOREIGN
MILITARY SALES ACT, AND FOR OTHER PURPOSES
(22 U.S.C. 2321b)**

SEC. 8. (a) Subject to the provisions of subsection (b), the value of any excess defense article granted to a foreign country or international organization [under part II of the Foreign Assistance Act of 1961 shall be considered to be an expenditure made from funds appropriated under that Act for military assistance. When] *by any department, agency, or independent establishment of the United States Government (other than the Agency for International Development) shall be considered to be an expenditure made from funds appropriated under the Foreign Assistance Act of 1961 for military assistance. Unless such department, agency, or establishment certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered,* a sum equal to the value thereof shall (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is cancelled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) to the military assistance appropriation for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the military assistance appropriation for the current fiscal year upon delivery of such article if at the time of delivery the stock status of the article is determined, in accordance with sections 644(g) and (m) of the Foreign Assistance Act of 1961, to be nonexcess.

(b) The provisions of subsection (a) shall apply during any fiscal year only to the extent that the aggregate value of excess defense articles ordered during that year exceeds [~~\$100,000,000~~] *\$150,000,000*.

(c) For purposes of this section, "value" means not less than 33½ per centum of the amount the United States paid at the time the excess defense articles were acquired by the United States.

(d) The President shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

(e) *Except for excess defense articles granted under part II of the Foreign Assistance Act of 1961, the provisions of this section shall not apply to any excess defense article granted to South Vietnam prior to July 1, 1972.*

IV. NEW PROVISION OF LAW RELATING TO INDOCHINA

TERMINATION OF UNITED STATES MILITARY OPERATIONS IN INDOCHINA

Sec. 9. It is hereby declared to be the policy of the United States to terminate at the earliest practicable date all military operations of the United States in Indochina, and to provide for the prompt and orderly withdrawal of all United States military forces not later than six months after the date of enactment of this section subject to the release of all American prisoners of war held by the Government of North Vietnam and forces allied with such Government. The Congress hereby urges and requests the President to implement the above expressed policy by initiating immediately the following actions:

(1) Establishing a final date for the withdrawal from Indochina of all military forces of the United States contingent upon the release of all American prisoners of war held by the Government of North Vietnam and forces allied with such Government, such date to be not later than six months after the date of enactment of this Act.

(2) Negotiate with the Government of North Vietnam for an immediate cease-fire by all parties to the hostilities in Indochina.

(3) Negotiate with the Government of North Vietnam for an agreement which would provide for a series of phased and rapid withdrawals of United States military forces from Indochina in exchange for a corresponding series of phased releases of American prisoners of war, and for the release of any remaining American prisoners of war concurrently with the withdrawal of all remaining military forces of the United States by not later than the date established by the President pursuant to paragraph (1) hereof or by such earlier date as may be agreed upon by the negotiating parties.

V. SECTION 7(a), SPECIAL FOREIGN ASSISTANCE ACT OF 1971 (22 U.S.C. 2411 note)

SEC. 7. (a) In line with the expressed intention of the President of the United States, none of the funds authorized or appropriated pursuant to this or any other Act may be used to finance the introduction of United States ground combat troops into Cambodia, or to provide United States advisers to or for [Cambodian military forces] military, paramilitary, police, or other security or intelligence forces in Cambodia.

VI. SECTION 401(a) OF PUBLIC LAW 89-367, APPROVED MARCH 15, 1966

Sec. 401. (a) (1) Not to exceed \$2,800,000,000 of the funds authorized for appropriation for the use of the Armed Forces of the United States under this or any other Act are authorized to be made available for their stated purposes to support: (A) Vietnamese and other free world forces in support of Vietnamese forces, (B) local forces in Laos and Thailand; and for related costs, during the fiscal year 1971 on such terms and conditions as the Secretary of Defense may determine. None of the funds appropriated to or for the use of the Armed Forces of the United States or of any department, agency, or independent establishment of the United States may be used for the purpose of paying any overseas allowance, per diem allowance, or any other addition to the regular base pay of any person serving with the free world forces in

South Vietnam if the amount of such payment would be greater than the amount of special pay authorized to be paid, for an equivalent period of service, to members of the Armed Forces of the United States (under section 310 of title 37, United States Code) serving in Vietnam or in any other hostile fire area, except for continuation of payments of such additions to regular base pay provided in agreements executed prior to July 1, 1970. Nothing in clause (A) of the first sentence of this paragraph shall be construed as authorizing the use of any such funds to support Vietnamese or other free world forces in actions designed to provide military support and assistance to the Government of Cambodia or Laos.

(2) No defense article may be furnished to the South Vietnamese forces, other free world forces in Vietnam, or to local forces in Laos or Thailand with funds authorized for the use of the Armed Forces of the United States or of any department, agency, or independent establishment of the United States under this or any other Act unless the government of the forces to which the defense article is to be furnished shall have agreed that—

(A) it will not, without the consent of the President—

(i) permit any use of such article by anyone not an officer, employee, or agent of that government,

(ii) transfer, or permit any officer, employee, or agent of that government to transfer such article by gift, sale, or otherwise, or

(iii) use or permit the use of such article for purposes other than those for which furnished;

(B) it will maintain the security of such article, and will provide substantially the same degree of security protection afforded to such article by the United States Government;

(C) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to representatives of the United States Government with regard to the use of such article; and

(D) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, any such article which is no longer needed for the purposes for which it was furnished.

The President shall promptly submit a report to the Speaker of the House of Representatives and the President of the Senate on the implementation of each agreement entered into in compliance with this paragraph. The President may not give his consent under clause (A) or (D) of this paragraph with respect to any defense article until the expiration of fifteen days after written notice has been given to the Speaker of the House of Representatives and the President of the Senate regarding the proposed action of the President with respect to such article. As used in this paragraph the term "defense article" shall have the same meaning prescribed for such term in section 644(d) of the Foreign Assistance Act of 1961. In order to allow a reasonable period of time for the Department of Defense to comply with the requirements of this paragraph, the provisions of such paragraph shall become effective sixty days after the date of enactment of this paragraph.

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